PARIS, MONDAY, OCTOBER 26, 1987

Moscow

Cautioned

On Delay

Shultz Cites Limit

Summit Decision

By Don Oberdorfer

State George P. Shultz said Sunday that Mikhail S. Gorbachev could

wait too long" before agreeing to

another summit meeting, causing

the Reagan administration to de-

cide it was too late for a new round

of top-level superpower diplomacy. Mr. Shultz made the comment

on NBC television a day after returning from a Moscow meeting at which Mr. Gorbachev unexpected-

ly halked at setting a date for a summit meeting with President Ronald Reagan this fall. Asked to amplify his comment, Mr. Shultz said, "As you get into

the heat of the election campaign, there is only a finite degree of time

The campaign for the U.S. presi-

Mr. Shultz also responded to

a summit meeting this fall. He said it was the Soviet foreign

minister, Eduard A. Shevardnadze

rather than anyone on the U.S.

official who hrought up the sum-

mit question at the meeting Friday

among U.S. officials about whether

the surprise developments present a serious complication for another

summit meeting or only a tempo-

rary delay. Kenneth L. Adelman, director of

the Arms Control and Disarma-ment Agency, who is among those who believe the delay will be only

temporary, said he was told by a Soviet Foreign Ministry official during the Moscow mission that work on a treaty to ban intermediate-range nuclear forces, or INF, defining must be completed by

definitely must be completed by Nov. 15 because a summit meeting

to sign it would be held shortly

Washington Pool Service
WASHINGTON — Secretary of

To Patience on

ESTABLISHED 1887

#### U.S. Slowdown Is in the Cards But Will Policy Makers or Markets Play Out the Hand?

By Carl Gewirtz PARIS - There is no doubt that the U.S. economy is headed for a slowdown. How serious is still any-

That depends on whether it is mposed by unruly market forces inleashed last week or results from he observed government policy deci-

#### **NEWS ANALYSIS**

ace is crucial and probably the key owhether the siege mentality grip-ing world financial markets con-A slowdown will reduce the U.S.

- tels see as the chief threat to impowed economic prospects. But parkets also appear to be saying that they fear engineering a correction without help from politicians.

Markets are lonking for a policy esponse from the Umted States, and Arnold Simkin, an economist with Stratecon, a private consulting The market does not believe

in Strategon, a private constituing inn. The market does not believe he Reagan administration is prepared to change its position on fissing a policy."

I A belter-skelter collapse of U.S. tock prices will have dramatic—if not precisely calculable — effects. oth real and psychological, on the villingness of consumers to spend and business to invest. By most stimates, more than \$1 trillion in

saper wealth has been wiped out in the past two weeks on United lates markets alone. "It is premarure to quantify the "ffects," Salomon Brothers' chief conomist. Henry Kaufman, said conomist. Henry Kaufman, said conomist. Henry Kaufman, said conomist is clear growth will be weaker."

History shows that once markets that to move they tend to overhoot, making for chaos rather than orrection. Thus, the major worry low is whether President Ronald

:- leagan and Congress are capable f taking control. Whom It is a measure of the topsy-turvy enditions in world markets that a eduction in the U.S. budget deficit "like through tax increases, spending ring sought by markets as the sur- cluding a lower target band for the a st way in restore confidence. New

ares and reduced spending would

Kiosk

38 Bid Barred

By Kirkpatrick

WASHINGTON (AP) -

Jeane J. Kirkpatrick, the former Jeane J. Kirkpatriek, the former thief U.S. delegate to the United Nations, said Sunday that the she would not seek the Republi-

In a statement released by her spokesman, David Carmen,

reasons, not to seek the Repub-

tred this issue, and firmly de-

cided for personal and political

lican nomination. Naturally,

thesda, Maryland, had a promi-nent role at the 1984 Republi-can National Convention, even

For though she was then a regis-for tered Democrat. She switched for to the Republican Party in 1985.

to the Republican Party in 1985.

MONDAY O&A



John J. Phelan Jr.

#### NYSE Chairman Is Optimistic

United Press International WASHINGTON - The ebairman of the New York

Stock Exchange, John J. Phelan , expressed overall optimism for the market on Sunday.
"I think the individual investor as well as the institutional investor is reasonably optimistic," Mr. Phelan said in a televi-

"And I think if given a period of quiet, they will assess what's going on," he said. "They will look for value. And I think where they see value they will be back into the market." (Oth-See PHELAN, Page 5

would open the way for other po-licy changes, inside and outside the United States, that could set the stage for an economic revival. The most important effect would

be on monetary policy. A reduction in the deficits, and presumably invalue of the dollar, would liberate the Federal Reserve to pursue an easy credit policy.

inflows to finance the deficits. Instead, the Fed would be free to drive rates down - reducing industry's costs in finance new investments and at the same time easing the debt-service burden on developing countries.

The International Monetary Fund estimates that a 1 percentage point drop in interest rates reduces the net interest payments of the developing countries by about \$3.25 billion a year. Lower interest rates should translate into higher

A credibly stable dollar and a healthier environment for U.S. industry presumably would attract investments from abroad, relieving credit tensions in Japan and West Germany, where the central banks have been concerned about the consistent overshooting on money

supply growth targets.

The Bank of Japan and the Bundesbank would then also be free to pursué easier credit policies aimed at stimulating new investments by industry.

The wild card in this scenario,

assuming Mr. Reagan and Con-gress do agree in cut the budget deficit, is in measuring how much last week's events on Wall Street whether reversed or not — will de-press spending plans of consumers and industry.

"We are not fearing a recession," said Beryl Sprinkel, outgoing chair-man of Mr. Reagan's Council of Economic Advisers. "But I think that we will be looking at our forecasts, as the private forecasters are, and recognize that the world is dif-ferent, and markets have declined," he said in an interview on Friday. The markets are not only forcing the government's hand on the question of the twin deficits, but also on the value of the dollar.

Through almost all of last week's crisis atmosphere, the foreign exchange market was an isolated area of calm. But on Friday the dollar fell sharply. Rumors circulated that finance ministers of the major industrialized nations were about to meet to lower the target value for the dollar by 5 in 10 percent, American and British officials

denied that such a meeting was But the majority of private economists and currency dealers in all the major markets believe that a A political agreement to cut the lt would no longer need to keep the major markets believe tha wint budget and trade deficits. U.S. interest high to attract capital. See MARKETS, Page 5



Deng Xiaoping, left, and Zhao Ziyang at the opening of the party congress in Beijing.

### Zhao Presses Reform as Congress Opens

By Daniel Southerland

Washington Part Service
BELIING — China opened its first Communist Party congress in five years Sunday, with Prime Minister Zhao Ziyang predicting that China would gradually catch up with the capitalist nations through an economic "revolution" that

stresses results. Mr. Zhao took the offensive in his speech, making few concessions to conservative critics of economic change. He appeared to seize the high ground in an effort to revitalize a reform program that has faltered in a number of areas.

The prime minister, who is expected to be named party leader following the eight-day congress, proposed political reforms that would decrease party interference in government activities and limit the powers of entrenched party bureaucrats who resist new ideas.

For the first time, Mr. Zhao proposed the establishment of a civil service system that would promote officials on the basis of examinations and their performance on the job. The aim would be to make the world's largest and perhaps most cumbersome bureaucracy more ef-ficient and more responsive to re-

source of resistance to reforms and China's open-door policy were deep-rooted "leftist" habits of thought.

world to close the gap between it and developed capitalist nations.

Mr. Zhao said that China intend
Mr. Zhao said that China intend
Deng. 83, strode into the Great Mr. Zhao said that China intended to double its gross national product by the end of this century, enabling the Chinese people to attain a "fairly comfortable life."

China's main industries are a fairly comfortable life."

Mr. Deng was followed meaning the chinese people to attain a "fairly comfortable life."

Mr. Deng was followed meaning the chinese people to attain a "fairly comfortable life." China's main industries would, later by the ailing Chen Yun, 82, a the end of the century, be close conservative leader who has been

Whether Mr. Zhao and his menmy than does Mr. Deng and is
tor, Deng Xiaoping, have the political power to impose further major who fear the "capitalistic influreforms on the country remains to ences" that have accompanied eco-

be seen. But Mr. Zhao's speech indicated that with support from Mr. Deng, the senior Chinese leader, be and his reformist allies allies have seized the initiative on both indicated that with support from With others on either side to assist him, Mr. Chen moved with painstaking slowness to the dais and seated himself to the right of

by the end of the century, be close to reaching the technological level Mr. Deng's most eminent rival for achieved by the developed nations in the 1970s or early 1980s, he said.

Mr. Deng. The relaxed Mr. Deng seemed to emanate strength and confidence as he sat back, followed

have been striking. During much of the speech, Mr. Chen's eyes appeared to be closed because of his weakened physical condition.

Apparently tiring, Mr. Chen left

See CHINA, Page 2

#### and a finite degree of patience." dential election, which will be held the words of Mr. Zhao's speech in November 1988, is aiready under from his copy of the text and occa-sionally puffed on a cigarette.

For party members lonking for Western diplomats say Gorsymbols of reformist vigor, the coa-trast between the relaxed Mr. Deng and the enschled Mr. Chen must baches miscalculated in shifting his sumnut stance. Page 2. charges that the Reagan administration had weakened its bargaining position by being too eager for

the dais more than an hour before Mr. Zhao finished his address. Speaking against a hackdrop of massed red flags and a huge gold

#### side, who proposed a statement is-sued here in September that sum-mit meeting dates for this fall would be established during Mr. Shultz's trip to Moscow. Mr. Shultz also said it was Mr. Gorhachev, rather than any U.S. Fearing Wider Islamic Extremism, Israel Rethinks Its Tilt Toward Iran in Moscow. There are differences of opinion

By Thomas L. Friedman New York Times Service

ficient and more responsive to reforms.

Mr. Zhao defended the use of reforms that some critics regard as capitalistic, such as the introduction of stocks and bonds and a reliance on market forces.

"We shall gradually put an end to poverty and backwardness," he JERUSALEM - Israel's long-

hought.

He contended that China had to nations.

But if this cannot happen, then

threat being posed to Israel in Lebanon, Egypt, Jordan and the occuspired by, and sometimes even fi-

in a way that either deflates or

What has brought about this

shift in thinking is the widening Israeli awareness of the immediate

Officials say the U.S. will han trade with Iran. Page 5.

neighboring states," said a very se-nior Israeli defense official. "That is what has really made people open their eyes about Iran. An Israeli intelligence analyst added: "We thought once the Ira-

nian Islamie revolution settled down and got past all of its slogans, it would understand Iran's natural not happened, so people here are starting in wonder what it could be like if Iran wins." He concluded, "We could be in

the soup with everyone else.

Israel has routinely opposed support for Iraq for a number of reasons, including its fear that a vic-tory would further embolden the character weakness, the issue may

an increasing number of Israeli de-fense analysis contend that the war must end with Iraq repulsing Iran Arab-Israeli war. Now, Iran is spending \$60 mil-tion to \$75 million a year to finance contains the Islamic revolution of Avatollah Ruhollah Khomeini.

anui-Israeli guerrilla groups in Leb-anon, such as the Hezbollah, or Party of God, according to Israeli defense sources. That is more mon-ey than any other single party in Lebanon is spending for such militant activities, the sources said.

Egypt is increasingly unable to

broaden its relations with Israel due to the rising power in Egypt of pied West Bank and Gaza Strip hy Moslem fundamentalist parties, Is-Islamic fundamentalist groups in-raeli officials said. Even more worrisome to Israeli defense experts is manced by, Iran.

The Islamie fundamentalism growing around us has reached the point where it is starting to influence the decision makers in all the ence the decision makers in all the model of the pro-Iranian Lehanese Islamic Jihad organization is rapidly becom-See SHIFT, Page 5

On the basis of what he ob-

served, Mr. Adelman said, he still believed Mr. Gorbachev was likely to come to Washington for the summit meeting before the end of the year. President Reagan's nacional se-

See SHULTZ, Page 5

# **U.S. High Court Joining**

By Dirk Johnson New York Times Service NEW YORK — Nearly 200 years after a Philadelphia physician first advanced the theory of alco-

be faced squarely by the Supreme Court.

The court has agreed to hear a ehallenge against the Veterans Ad-ministration for excluding alcoholism, which it considers the result of "willful misconduct," from the illnesses and disabilities that allow veterans more time to claim education benefits.

The ease could portend serious consequences for government agencies, private employers, insur-ance companies, alcoholism-care providers and the estimated one million alcoholics expected to seek treatment in the next year.

Over the last two decades, the disease concept of alcoholism has become the premise for social po-licy," said Ronald Roizen, a scienusi at the Medical Research Institute of San Francisco. "But the legal basis has never heen clear." The case, to be argued Dec. 7,

view that alcoholism is a disease. Proponents point to a growing body of research implicating genetie factors in drinking problems, while critics are becoming increas-

ingly vocal. "The entire notion of alcoholism as a disease is at stake here," said Michael Ford, executive director of the National Association of Addiction Treatment Providers. "It's taken years for the public to come to understand alcoholism as a disease. minister of North-Rhine Westpha- And here's the federal government

saying it's just a temper tantrum." While about 87 percent of Americans view alcoholism as a disease. according to a Gallup Poll in April, treatment hased on that concept is relatively new. Through the 1940s. alcoholics were often jailed as criminals, ostracized as irresponsible or

committed to sanitoriums as psy-1985, when parliament was consid- chological deviants. And it was not ering and rejecting imposition of a until 1956 that the American Medi-

See ALCOHOL, Page 5

#### Sprinkel, Rostenkowski Swap Charges on Budget

WASHINGTON President Ronald Reagan's top

begin critical negotiations on the U.S. deficit in good faith.

cit and restoring confidence in the U.S. economy.

"If there are mixed signals," Mr. Rostenkowski said, "they're certainly coming out of the White House. I don't know who's in

proposals over the past seven years.

"massive" increases.

Although the 1988 fiscal year began Oct. 1, the government is oper-

Asked whether the administration would look at a freeze on spending, Mr. Sprinkel said such an idea "certainly will be one of the

economie advisers and a prominent Democratic congressman sniped verbally at each other Sunday over the U.S. budget crisis. can nomination for president in 1988.

of those who urged me to become a candidate."

Mrs. Kirkpatrick, 60, of Bechart of the confidence of t

for cutting the deficit, including any move on a possible tax in-

doing in Washington."

Mr. Sprinkel declined to outline the administration's stance on taxes, except to say that it opposed

say, and I'm certainly not going to say, how it will come out. He will listen to what they have to say and there may be proposals for a tax

# Mr. Reagan scheduled his first round of talks with hipartisan leaders of Congress on Monday morning. The talks following last week's By Patrick Smith By Patrick Smith Hong Kong bave been suspended the index to fall by up in 2

International Herald Tribune HONG KONG — Government officials announced Sunday a \$256 million support package to help rescue the Hong Kong Futures Exchange, an adjunct of the local stock market, from what they de-

scribed as certain collapse. Had the futures market come apart, it would almost certainly have brought the stock exchange down with it, and the shocks would have reverberated throughout international markets.

Hong Kong bave been suspended since last Tuesday, the day after the local Hang Seng index plunged a record 11 percent in reaction to the million in the financial futures collapse of prices on Wall Street market. and other international markets.
Officials admitted Sunday that

the suspensions were prompted by is the world's second most heavily the danger of widespread defaults traded stock-index instrument, exin the futures market because of extensive speculation in contracts based on the Hang Seng index.

Standard & Poor's 500 index that is traded on the Chicago Mercantile

Although it was introduced only a year ago, the Hang Seng contract

ceeded only by a contract based on

See HONG KONG, Page 9

FRANKFURT - Seen through the windshield of a Porsche 911 Carrera doing 250 kph (about 150 mph), the broken line dividing the

Drivers in the left lane move over quickly when the car's low, goggleeyed snout looms in their rear-view

Slowing to 240 kph with the left lane open ahead, the Porsche feels almost weightless, the unchailenged king of the concrete. But suddenly a hurly new BMW 735i sedan materializes three feet behind the Porsche's rear bumper, its left-turn indicator blinking, head-lights flashing furiously. The driver's taut, angry face is clearly visible in the 911's mirror.

The Porsche yields, the BMW surges forward. Its driver, a beardwith scorn.

Welcome to a late Saturday af-

freedom in an otherwise tightly regulated society, many are becoming increasingly concerned by what the traffic expert Richard Spiegel calls,

uses his vehicle as a weapon against the weaker.'

"this nation's pronounced neurotic

dents resulting in minor injuries rose to 325,355 from 306,562, according to government figures.

Nonetheless, driving fast remains a national obsession, albeit one best pursued, as in the scene ternoon on the autobahn, where above, in early morning or evening lengthy stretches of super-highway hours when the often heavy flows have no speed limit. (West Germa-of traffic have thinned.

ny is the only country in Western Europe that does not impose speed limits on all highways.) And here in Snail's pace is frequently the realistication. More often, while speed may he Germany, where the right in drive ty. There are also no limits on die fast is often cherished as a singular Staue, as the traffic jams which frequently clog the autobahn are

> ter-long Staue, horsepower he-The dehate about how fast is too fast pits the national government, the nation's powerful automakers has enlivened debate about the and speed huffs against environmentalists, highway safety groups and people concerned about the increasingly competitive - and hostile - style of driving.

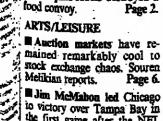
called in German. In a 15-kilome-

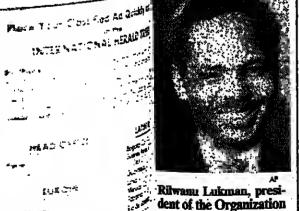
On the autohahn these days "each drives against the others," said Max Danner, who beads a traffic-accident research institute in Munich for Allianz A.G., West Germany's largest insurance com-Herbert Schnonr, the interior

lia, West Germany's most populous state, said, "Driving is becoming unequivocally more aggressive. without regard to losses. The highhorsepower driver uses his vehicle as a weapon against the weaker." Chancellor Helmut Kohl's government generally treats the discus-

sion as much ado about nothing. In

See SPEED, Page 5





of Petroleum Exporting Countries, discusses difficulties expected in reaching a new oil-pricing agreement. Page 9.

GENERAL NEWS

MAD CHAIL

EUE CHE

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Section 1

AND DESCRIPTION

SOUTH AIS:CA

The battle for Jaffna, in Sri Lanka, was supposed to be over by now. But Tamil guerrillas are proving stubborn. Page 4.

Ethiopian rebels destroyed a food convoy. Page 2. food convoy.

> ■ Jim McMahon led Chicago to victory over Tampa Bay in the first game after the NFL players' strike.



Both men, however, pledged to

crisis in the stock market, are aimed at reducing the budget defi-

Representative Dan Rostenkowski, Democrat of Illinois, the chairman of the House Ways and Means Committee, said on an ABC-TV news program that Mr. Reagan had failed to take a leadership role and to make clear what his plans were

Beryl W. Sprinkel, the outgoing chairman of Mr. Reagan's Council of Economic Advisers, countered in a separate interview on the same program that the turmoil on Wall Street was due in part to "the inability of Congress to come up with an appropriate budget" and its rejection of Mr. Reagan's budget

He said that Mr. Reagan would negotiate in good faith "He's a very good negotiator," Mr. Sprin-kel said, adding: "He's not going to

ating under a continuing resolution approved by Congress, and the budget talks on Capitol Hill have been at an impasse.

Representative Robert H. Mi- And sometimes the autobahns slam the brakes on traffic.

such a freeze, which could account for about half of the \$23 billion in be in place by the end of November to avert a round of automatic See BUDGET, Page 5

deficit-cutting measures that must

lown with it, and the shocks would ave reverberated throughout instructional markets.

Both the futures market exhange and the Stock Exchange of the bestie with analysts expected.

The markets were to reopen on Monday, but an hour later than usual, and the press and public were barred. Trading was expected the world's second largest, behind the bestie with analysts expecting. change and the Stock Exchange of in be hectic with analysts expecting

"We're ready to negotiate," he said, adding, "What we've got to do is build confidence in what we're doing in Washington"

Are Germany's Speeders Driven by More Than Fuel? International Herald Tribune

> lanes on the A5 autobahn southbound from Frankfurt to Darm-stadt is a trembling streak of white, the surrounding countryside a hlur of forest and field.

mirrors.

ed, bespectacled man in his late 20s or early 30s, shoots a brief, parting glance at the Porsche's occupants. His angry expression has been re-placed by a look of triumph tinged

The highhorsepower driver

That rising concern is provoked by the fact that the highway death toll rose in 8,948 in 1986, from 8.400 the previous year, ending 17 years of steady decline. Traffic accidents involving serious injuries rose in 117,862 from 115,533; acci-

#### A Gorbachev Miscalculation? Diplomats Call Shift on Summit a Risk to His Prestige

By Gary Lee

Washington Post Service

MOSCOW — Mikhail S. Gorbachev's last-minute refusal to set a date for a summit meeting with President Ronald Reagan in Washington could diminish the Soviet leader's prestige and overall influence on the U.S.-Soviet arms control process, according to Western diplomats here.

The diplomats regard Mr. Gorbachev's move, made at the end of two days of U.S.-Soviet talks here, as his first serious foreign policy miscalculation during two years in

The agreement to set a date for a summit meeting this year had been reached in September when the Soviet foreign minister, Eduard A. Shevardnadze, visited Washington.

Although Mr. Gorbachev told Secretary of State George P. Shultz on Friday that he still would be prepared to participate in a summit meeting this year, he apparently miscalculated the disappointment and criticism that his sudden change of the terms of the summit would arouse in the West, some

At a time when Americans and West Europeans are re-examining the extent to which they can trust the Soviet bloc, Mr. Gorbachev's unexpected reversal on a major U.S.-Soviet agreement undercut his long-term goals of buttressing the Soviet Union's reputation as a reliable negotiating partner, some Western diplomats said. "What will U.S. senators think

when time comes to ratify any arms consider the move to be so atypical

that Mr. Reagan would agree under pressure to compromises on his program for a space-based missile weeks to harden his stance by milidefense system. U.S. officials already have ruled out the possibili-

"If Gorbachev thinks that Reagan will change his position for the

#### NEWS ANALYSIS

chance of baving a summit, he's wrong," a U.S. official in Moscow

A month after the Soviet leadership signed an agreement to set the dates for a summit meeting during Mr. Sbultz's visit to Moscow, Mr. Gorbachev reneged on Friday without warning, adding progress on talks to limit Mr. Reagan's Strategic Defense Initiative as a condi-onn for the summit meeting. According in Western and Soviet

officials in Moscow, the sudden bardening was based on an assess-ment in the Kremlin that a summit meeting is the only bargaining chip left in Moscow's bid to prevent the United States from developing space-hased weapons to the stage where they could be deployed.

Mr. Gorbachev's last-minute reluctance to come to Washington also represents bitterness at the critical reception that the Resgan administration has given his reform pulicies, including an attempt at

forging a new detente. Nonetheless, Western diplomats

#### U.S. Says Soviet Lasers Can Kill Low Satellites

By Richard Halloran

New York Times Service WASHINGTON -The general in charge of American military efforts in space says the Soviet Union has developed lasers powerful enough to destroy low-orbiting U.S. satellites and damage those

the U.S. Air Force, who is chief of that the Pentagon had obtained the Space Command at Colorado springs, Colorado, said Friday that Union had made progress since Soviet ground-based lasers could "Soviet Military Power" was published, The general declined to say, at an altitude of up to 400 miles (650 kilometers) and damage those Union bad fired lasers at U.S. sately to 750 miles.

But the general said U.S. military communication satellites that stay over one spot on earth, in geosynchronous orbit, at an altitude of 22,300 miles are safe now, although they might become vulnerable within five years. In recent years, at an American reconnaissance military communications have become heavily dependent on such

In the future. Soviet lasers could also threaten U.S. satellites that would be part of the ballistic missoported at Nurek in the mountains sile defense being developed by the Pentagon's Strategic Defense Ininative, also known as "star wars."

General Piotrowski, who also commanded the North American Aerospace Defense Command, dis-closed details about the Soviet laser effort that were much more specific than previous disclosures. He went heyond earlier Pentagon state- and the Soviet Union to a limited ments, in which the threat to satellites from Soviet lasers was de-scribed as "probable." by suggesting that the Soviet lasers can fight an actual war.

Last winter the Pentagon's annu-al publication, "Soviet Military Power," said that research on Soviet lasers was being undertaken at the Sary-Shagan Missile Test Center in the central part of the nation, where anti-ballistic missile testing undertaken at the sary-Shagan Missile Test Center in the central part of the nation, where anti-ballistic missile testing undertaken at the sary-Shagan Missile testing the sary-Shagan Missile Test Center in the central part of the nation, which is the sary-Shagan Missile Test Center in the central part of the nation, which is the sary-Shagan Missile Test Center in the central part of the nation, which is the sary-Shagan Missile Test Center in the central part of the nation, which is the sary-Shagan Missile Test Center in the central part of the nation, where an indication that the sary-Shagan Missile Test Center in the central part of the nation, where an indication that the product of the nation of the sary-Shagan Missile Test Center in the central part of the nation, where anti-ballistic missile testing the sary-Shagan Missile Test Center in the central part of the nation. is also being conducted.

have several lasers for air defense and twn lasers probably capable of damaging some components of sat-ellites in orbit, one of which could be used in feasibility testing for ballisuc missile defense applicauons," the report said.

farther away.

General John L. Piotrowski of the U.S. Air Force, who is chief of the U.S. Air Force, who is chief of that the Pentagon had obtained new information or that the Soviet lites or tested them against Soviet

When the Soviet Union fired a ballistic missile whose dummy warheads landed within 600 miles of Hawaii recently, a laser from a Soviet ship in the region was directed co-pilot, the Pentagon said.

of the Tadzhik Republic of the Soviet Union, a region just north of Afghanistan. Reconnaissance pho-tographs of the site, made by a French satellite and obtained from a Swedish company, were released Thursday.

The Anti-Ballisrie Missile Treaty of 1972 restricts the United States number of sites for testing anti-missile technology. The main U.S. site, which includes laser research, is at White Sands, New Mexico. The Soviet Union's main site is at Sary-Shagan.

If the lasers at Nurek were powerful enough to destroy missiles

#### Poles Move to Tighten Control Over Economy

By John Tagliabue New York Times Service

WARSAW - The Polish leadership has sought to tighten control over planned economic changes with a government shake-up that included the appointment of a powerful minister of industry.

The shake-up on Saturday in-cluded the dismissal of 12 government ministers and the reduction by half of the number of senior government agencies, from 16 to eight. It was perhaps the most exnsive government overbaul since the Communist Party came to power after World War II.

The shake-up was announced at the conclusion of a two-day session of the Sejm, the parliament, that also approved the proposed text of questions to be put to the people about the pace of economic change in a referendum Nov. 29.

Two weeks ago, the government gave the Sejm the outline of a plan in reorganize the economy, including steps to expand private enterprise, make state-run enterprises largely autonomous from central

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authority, and raise wages and

In essence, the referendum questions ask whether Poles would support two to three years of relative econnmic hardship in exchange for a sustained improvement in the standard of living over the longer term, and some political liberaliza-

In the reorganization, those promnted included several leading managers and economists, reflecting both the need to revive the economy and the preference of economy when he defended Chi-General Wojciech Jaruzelski, the Pulish leader, for professional private enterprises. Mr. Zhao advomanagers rather than politicians.

Jerzy Bilip, an industrial manag-er with considerable experience as head of the Polkolor Television Factory near Warsaw, was appointed to the newly created post of industry minister.

Aming those newly appointed or gaining broadened power was Zdzisław Sadowski, the architect of the new economic program, who was named chief of the Government Central Planning Commission while remaining deputy prime minister in the government of Prime Minister Zbigniew Messner, who remains head of government.

Mr. Sadowski, a 62-year-old economist who has taught at the University of Ghana and has headed the United Nations Center for Planning and Economic Policy, is nnt a Communist Party member.

Bogumil Ferensztajn, a mining engineer and the top Communist Party official in the coal and steel reginn around Katowice in Silesia. was named to bead the newly created Ministry of Housing and Urban

control treaty?" a diplomat asked.

Most important, Moscow apparently miscalculated the possibility

of the Soviet leader, who has favored a high-profile policy of public diplomacy and bolding to agreements, that they speculate be may have been forced in the last few Kremlin officials.

Although Mr. Gorbachev made last-minute demands at the 1986 summit meeting in Reykjavik, Ice-land, be highlighted new Soviet arms control proposals made there and thus avoided major criticism for preventing an arms accord.

Despite the view that Mr. Gorbachev may have buckled under in domestic pressures, the new Soviet stance seems to be the climax of a carefully orchestrated campaign to force the Reagan administration

into concessions on SDL

Ever since Mr. Shultz's visit to

Moscow in April, Moscow has
broached the possibility of discussing general principles on SDI, cuts in strategic nuclear missiles and other disarmament topics at a summit meeting — in addition to signing an intermediate-range nuclear forces treaty to ban medium- and shorter-range missiles.
In May, Soviet officials gave the

Reagan administration a draft doc-ument on general principles on SDI and other issues that they proposed would be signed at a summit meet-

ing, according to Soviet officials.
The United States apparently declined the proposal, however, and Moscow temporarily aban-doned the idea. Instead, Soviet officials held out the promise of a summit meeting that would be used largely to sign an agreement on intermediate-range nuclear forces, followed by a later summit meeting

to address other issues. Meanwhile, the Kremlin drafted several proposals that appeared to bring the two sides closer to agreebring the two sides closer to agreement on which missile systems could be tested under the 1972 Anti-Ballistic Missile Treaty.

Until the end of a four-hour meeting between Mr. Shuitz and

Mr. Gorbachev on Friday, U.S. officials say, the Americans were still under the impression that reaching agreement on the treaty would be enough for a summit meeting.

According to Western diplomats

**Budget Cuts** 

At Pentagon

By Richard Halloran

work force, would be laid off if

provisions of the recently adopted

budget-balancing law are put into effect on Nov. 20.

cials knowledgeable about budget

plans, the military services will slice more than \$2 billion from contracts

with local companies that paint

barracks, maintain and clean build-

ings and operate support services

on bases around the country.
Further, the officials said, the
services will delay maintenance on

ships, tanks, aircraft and equip-

ment that is done by contractors,

causing more layoffs.

Purchasing of spare parts, a key to the readiness of the forces, will

also be cut between 25 and 50 percent, the officials said. Conse-

quently, they said, employment in industries making the parts will be

Once the extent of the cuts be-

comes known, however, the offi-cials expect labor leaders and laid-

off workers to register strong

protests to their representatives in

Congress and to exert considerable

pressure in an election year to have

Beyond an attempt to put indirect pressure on Congress, officials

said, the military services are seek-

ing in protect training programs and the deploying of forces around

the world as much as possible from

budget cuts. But some such opera-tions will be reduced, they said.

Official spokesmen for the De-

They noted that President Ron-

But Pentagon officials familiar

with budgetary matters said the cuts had been drafted and were

being submitted to the secretaries

of the army, navy and air force,

along with senior military leaders

in those departments, for approval.

ancing law, \$23 billion in federal

another way to reduce the deficit

by that amount. Of that sum, \$11.5

billion must be taken from military

The military portion of the reduction includes \$10.9 billion from

the Pentagon's budget and \$600 million from that of the Depart-

ment of Energy, which makes nu-

clear warheads for the Pentagon.

Mr. Reagan has exempted mili-

But to reach its budget-cutting

spending.

Under the revised budget-bat-

fense Department declined to com-

the cuts reversed.

affected.

In addition, according to offi-

New York Times Service
WASHINGTON — The De-

and some Soviet officials, the Kremlin viewed the U.S. reluctance to agree to a document on general principles on SDI and other issues as a sign that Moscow might never obtain an accord on SDI and strategic cuts from the Reagan admin-

washing ton — The Defense Department is planning extensive layoffs of civilian employees and deep cuts in the work of small contractors in an effort to generate a political backlash With Mr. Reagan facing prob-lems of domestic and foreign policy and anxious to become the first U.S. president in nearly a decade to against Congress for budget cuts, according to Pentagon officials.

The officials said that 100,000 to 150,000 people, or more than 10 percent of the department's civilian mock forces result he hid off of have a major arms control treaty signed and ratified, the bid seemed worth an effort, according to one

Soviet view.
"If it failed," a senior Western diplomat said, "Moscow could still sign an INF accord. If it worked, Moscow would succeed in its overall plan of avoiding the investments needed to match the Reagan administration's 'star wars' research."

#### CHINA: Congress Opens

(Continued from Page 1) hammer and siekle, Mr. Zhao

spoke for more than two hours and 20 minutes from a 72-page text.

The congress was the first to be opened to the foreign press since the party tonk power in 1949 and was broadcast live throughout China. But many Chinese said they did not watch the telecast because they felt the congress would have little impact on their lives.

Mr. Zhao attempted to placate critics who worry that his reforms depart too much from Marxism when he spoke of a need to combat excessive consumption and in pur-sue "plain living and hard strug-

The prime minister stressed a need in maintain the party's leadership over the country, to increase grain production and to counter corruption on the part of officials who use their positions to make personal profits — all themes dear to the hearts of party traditionalists such as Mr. Chen.

ment on the prospective cuts, say-ing that no final decisions had been But Mr. Zhao stressed repeatedly that economic production is the main test of the country's policies. "Judging life by abstract princiald Reagan was scheduled to meet ples or utopian models instead of with congressional leaders in an effort to reduce the deficit without, by the growth of the productive forces will only discredit Marx-ism," Mr. Zhao said. they said, cutting military spend-

He advocated further departures from a Soviet-style centralized cated a competitive contracting system for industrial projects and renewed a call for the reform of China's irrational pricing system.

He also said that China should "improve the investment environ-ment for foreign businessmen." spending will automatically be cut in the 1988 fiscal year, which began ment for foreign businessmen." in the 1988 fiscal year, which began Mr. Zhao urged his fellow Marxists Oct. 1, unless Congress and the to widen their vision, develop new White House agree by Nov. 20 on concepts, and enter a new realm."

#### **Belgian Leader Expects** Election to Be Dec. 13

BRUSSELS - Prime Minister Wilfried Martens of Belgium said Sunday he expected a general elec-tion to be held Dec. 13. Mr. Martens, a Christian Demo-

crat, was speaking just four days tary personnel from the automatic cuts, as the law permits. after forming his seventh adminis-tration in less than eight years, a caretaker coalition set up to enact goal without reductions in personessential legislation ahead of the nel the Pentagon must impose early elections. The previous coali- 10.5-percent cuts across other acunn governing the bilingual nation counts: nperations and maintecollapsed because of a francophone nance, research and development. official's refusal to take a test in purchases of arms and equipment,



PROTESTS IN SPAIN - Some 20,000 demonstrators marched Sunday in Madrid to

support the removal of U.S. military bases, the country's withdrawal from the North

Atlantic Treaty Organization and a nuclear-free Europe. No incidents were reported as similar rallies were held in other cities, including Barcelona and Valencia. The United States and Spain are due to hold talks next month on reducing the U.S. presence.

NAIROB1 — In an Ethiopian rebel attack that a senior UN official said has "horrific implications" for famine relief in Ethiopia, a large donors are attempting to rush emergency food aid into northern Ethiopia, where drought threatens nearly a million people with starvaconvoy of donated trucks carrying Western food aid has been am-bushed and burned.

Relief officials in Ethiopia said that the convoy, traveling in the north of the country without a military escort, was stopped Friday by if large amounts of food aid do not rebel soldiers who doused 23 trucks reach distributions centers in Eriwith gasoline and set them afire. They said one driver was shottand killed by the rebels. trea and Tigre by December, there will be a mass migration of destitute people into makeshift camps. killed by the rebels.

Nearly 450 tons of wheat, it was in similar camps in 1984-85 that hundreds of thousands of month, were destroyed, officials said. In addition, they said, all 23 fectious diseases. trucks were destroyed. Most of them were late-model, long-hanl vehicles with a combined replacement value of more than \$2 million.

UN World Food Program and the "It raises questions about the fu-U.S. government. The trucks were ture movement of any relief food in

Alice Lakwena

Ugandan Troops

Close In on Camp

Of Rebel Priestess

IBANGA, Uganda -- Hundreds

of Ugandan troops are approach-

The deputy army commander,

Fred Rwigyema, who is leading the

military campaign against the Holy Spirit Movement, hinted that an

important battle would take place

soon. But the poorly armed rebels,

who believe that vegetable oil

smeared on their bodies protects

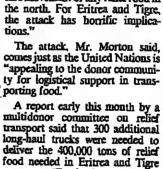
them from army bullets, appeared

care for Uganda we will win."

overthrow the government.

The wheat was a gift from the

ture movement of any relief food in



The attack came at a time when

Relief agencies have warned that

the United Nations and Western

next year. The food program had only 40 trucks in the north - before the raid. The convoy was attacked while traveling south from Asmara, the capital of Eritrea, towards the Tigre city of Adigrat. Officials said the attack occurred about 30 miles (AS bilemeters) from Asmara on a (48 kilometers) from Asmara, on a road where rebels in recent years

have allowed free passage of relief The British Broadcasting Corp. reported Sunday that an Eritrean rebel group called the Popular Liberation Front claimed responsibil-ity for the raid. The BBC quoted the rebel group as saying that the attack was done in order to dis-

perse enemy forces escorting the convoy.
Mr. Morton and other relief officials contacted in Addis Ababa, the Ethiopian capital, insisted that the convoy was not escorted by the Ethiopian military.

"If the rebels were going for a military target, why did they burn the trucks and the food?", Mr. Morton said. Rebels in Eritrea, including the

ing a rebel camp in what an army Popular Liberation Front, have commander hinted could be a mabeen fighting for autonomy from the government in Addis Ababa for jor assault against the followers of a voodoo priestess who is trying to 27 years. The conflict is the longest continuing civil war in the world. October is the traditional month Witnesses said several-hundred troops of the National Resistance for a government offensive against the rebels, and fighting in the re-Army were seen nine miles (15 kilometers) from the camp of the 27year-old prophetess, Alice Lak-wena, and her 2,500 followers. gion has been intense in recent

Relief officials said that they were relying on trucks to deliver most of the relief food needed m Tigre and Eritrea. But Mr. Morton said that the rebel raid increases the likelihood that much of the food may have to be transported by air — at more than double the \$140-a-ton cost of delivery by truck.

■ French Nurse Freed Sophie Bedon, a French nurse

Isaac Ojok, a former minister held by the Tigre People's Libera-tion Front for more than three and a member of the movement, said, "The guidance from the Holy Spirit is enabling us in fight this weeks, was released on Saturday and handed over to the French Emwar of liberation, and I'm sure that bassy in Khartoum, Reuters rewith more prayers from those who

## WORLD BRIEFS

# Belgrade Sends Police to Halt Unrespondency, warning of passage and police unit to Kosawa tal danger to national security, has sent a special police unit to Kosawa control ethnic tensions in the southern province, the official news again.

Tanjug said Sunday.

The move, which follows demonstrations by thousands of people. The move, which follows demonstrations between over local police at Kosovo, means that federal authorities have taken over local police and

Kosovo has been plagued by tension between its ethnic Albanian majority and the Serb and Montenegrin minorities who make up is percent of the population of the economically distressed region.

Slepaks Fly From Moscow to Vienna
VIENNA (AP) — Vladimir Slepak, a leader in the fight for increased.

Jewish emigration, arrived here from Moscow on Smday on his way to strate, ending a 17-year struggle to leave the Soviet Umon. "It's like the said."

The said.

Mr. Slepak, 59, who first applied to emigrate in 1970, said he did not see his release as a change of Soviet policy toward Jewish emigration but rather as a result of Western pressure. He said his release, along with his

rather as a result of Western pressure. He said his release, along with his wife, Maria, was a gesture in the West because the Soviets "need new help, credit and support from the West."

The Slepaks displayed a banner from their balcony in 1978 demanding permission in emigrate to Israel. That led in charges of malicious hooliganism and a five-year term in internal exile in a village near the state of the

#### Colonel Assumes New Powers in Fiji

SUVA, Fiji (Reiters) — Lieutenant Colonel Sitiveni Rabuka has tightened his grip on the nation, assuming powers of detention without trial. He has also suspended all political and trade union activity and

given the military extraordinary powers.

Colonel Rabuka, in his 12th decree since he staged a coup Sept. 25; gave the army-backed government the right to restrict the movement of people, including departures from the country. Under the decree, security forces would be exempt from murder charges if they killed someone "in making a lawful arrest or preventing escape, to suppress a riot or to

prevent a criminal offense."

The decree was released Saturday, but with the absence of newspapers, most Fijians remained unaware of it. Colonel Rabuka proclaimed Fijia republic earlier this month, saying he wanted to give ethnic Fiji as poblical supremacy over Fijians of Indian descent, who slightly outnumber them.

#### Louisiana Governor Concedes Defeat

NEW ORLEANS (AP) - Governor Edwin Edwards of Louisiana onceded to U.S. Representative Charles E. (Buddy) Roemer III early Sunday, saying he would not pursue a runoff election for a fourth term. Governor Edwards, 60, told backers that he had determined "that it would be inappropriate for me to continue this election." He finished second to Mr. Roemer, 44 in Saturday's primary, but conceded victory, after two other major challengers indicated that they would back Mr. P.

Roemer in a runoff.
With 3,197 of 3,262 precincts reporting, about 98 percent, Mr. Roemer had 515,062 votes or 33 percent. Governor Edwards had 441,672 votes or 28 percent. Both are Democrats.

Tahiti Clashes Bring On Emergency

PAPETE, Tahiti (AFP)—French authorities have declared a state of
emergency in this Pacific territory and have imposed a dusk-to-dawn
curfew in Papeete and four neighboring towns after clashes between the

Fifteen persons were injured, two of them seriously, in the clasher, which took place Friday night. Scores of shops and houses were wrecked, and burned, and lumberyards were gutted when the police moved to end the occupation of the port by dockers. About 100 people were arrested.

and accused of lonting.

The dockers, who started their occupation Thursday, are demanding that extra workers be hired. Three mobile police squads of 100 men were being sent to Papeete on Sunday, two from Paris and one from the French South Pacific territory of New Caledonia.

#### Mubarak and Gemayel Meet in Cairo:

CAIRO (Renters) — In a meeting reflecting Egypt's renewed respectability among Arab leaders. President Amin Gemayel of Lebanon and President Hosni Mubarak of Egypt held talks Sunday to discuss Arab politics and relations between their countries.

fections diseases.

"This raid has consequences far beyond the immediate loss of food and trucks," said David Morton, director of operations for the World Food Program in Ethiopia.

Inter two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accumes to preserve the time two-nour meeting uniterscored Egypt's Accument of the two-nour meeting uniterscored Egypt's Accument to preserve the time two-nour meeting uniterscored Egypt's Accument to preserve the time two-nour meeting uniterscored Egypt's Accument to preserve the time two-nour meeting uniterscored Egypt's Accument to preserve the time two-nour meeting uniterscored Egypt's Accument to preserve the time two-nour meeting uniterscored Egypt's Accument to preserve the time two-nour meeting uniterscored Egypt's Accument to preserve the time two-nour meeting uniterscored Egypt's Accument to preserve the time two-nour meeting uniterscored Egypt's Accument to preserve the time two-nour meeting Their two-hour meeting underscored "Egypt's keenness to preserve director of operations for the ostraci World Food Program in Ethiopia. Israel.

#### TRAVEL UPDATE

Alitalia Is Canceling Monday Flights

ROME (Renters) — Alitalia Airlines, the Italian state carrier, and nounced Sunday that almost all flights for Monday would be canceled because pilots were planning a 24-hour strike.

The company said that only a Rome-New York flight would operate

and that seven others would be rescheduled for after midnight, when the protest, over pensions, was due to end.

A bomb scare at Lamaca Airport in Cyprus on Saturday disrupted six international flights and 1,080 passengers, airport officials said. (UPI) Bodapest's oldest bridge, the Chain Bridge that spans the river Danube, reopened to traffic Saturday after seven months of repairs. (Reuters) Heavy fog in Moscow lifted Saturday, allowing thousands of passengers stranded at the city's airports to resume travel after six days of cancella-

#### This Week's Holidays

tions, airport spokesmen said.

Banking hours and government services will be closed or curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Austria, Ireland, Grenada, New Zealand, Rwanda, Taiwan. TUESDAY: Zaire. WEDNESDAY: Cyprus, Greece. THURSDAY: Cyprus, Turkey.

SATURDAY: Finland, Hong Kong, Macao, Taiwan.

SUNDAY: Algeria, Philippines

#### DOONESBURY

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Short Takes Theater and Brown

AFL-CI

by Frank S MIAMI BEACH CiO has voted to a! sters under hack into three decades after Moreover, the fi

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**AMERICAN TOPICS** 



BACK TO LITTLE ROCK - Carlotta Walls Lanier and Terrence Roberts, two of the Little Rock Nine, who desegregated Central High School in the Arkansas capital in 1957, lead the seven other former students through the schoolhouse door 30 years later.

#### **Taping Family Lore** And How to Do It

The older generation embodies "a tremendous cultural resource" that is all but ignored in modern America, says William Fletcher, a Washington anthropologist, "and we can tap into

For Mr. Fletcher, 43, that means taping oral family history with a tape recorder or videotape camera. Sitting down with an ag-ing parent or relative and recording a sentimental journey into the past, he says, is a powerful and priceless undertaking.

Mr. Fletcher, the author of "Recording Your Family History" (Dodd, Mead & Co., \$18.95), laments the loss of the crossgenerational interaction that happened almost daily 75 years ago. Contact with grandparents

ago. Contact with grandparents today may occur only during hectic holiday visits.

Viveca Stackig, 31, a Silver Spring, Maryland, advertising executive, says, "The stories that they have to tell if you ask them good questions are just amaz-ing." She says the hours taping her grandmother's recollections were "the most meaningful, interesting, fun, fascinating and entertaining" time they had spent together.
Miss Stackig has put together

an oral family history kit, "Grandmother's Memories," (Random House, \$24.95), which includes a guidebook with "sentence starters" and "memory joggers" on 14 subject categories.

**Short Takes** 

A plan to reopen five darkened playhouses has been offered hy New York's Mayor Edward L Koch and his Office of Film, Theater and Broadcasting in the

latest effort to revive the depressed Broadway theatrical U.S. cities, is 100 years old this scene. A trust of theatrical professionals would produce promising plays and musicals. Theater owners would get free mainte-nance and could share in profits. Ticket prices would be \$10 to \$20, less than half the current range. Casts and crews would work for less than scale. The city would make an initial \$5 million

grant and \$7 million annually would come from a \$1 surcharge on theater tickets. Stanford is the best university in the United States and Wil-liams is the best liberal arts col-lege, according to U.S. News & World Report's third survey of 754 college presidents which is 764 college presidents, which is conducted every two years. The

remaining nine of the first 10 among universities were Harvard, Yale, Princeton, California at Berkeley, Dartmouth, Duke. Chicago, Michigan and Brown; among colleges: Swarthmore. Carleton, Amherst, Oberlin, Pomona, Wesleyan of Connecticut, Wellesley, Haverford and Grin-

The Commission of Fine Arts in Washington has voted 4-1 to reject the proposed Vietnam Women's Memorial, centering on a bronze statue of a nurse at the Vietnam Veterans Memorial. Commissioners who opposed it said approval would have established a precedent for placing other figurative statues there. "It will never end," said Chairman J. Carter Brown, Stephen Young of the Vietnam Women's Memorial Project said the commission had "insulted the women of America." Donna-Marie Boulay, a Vietnam veteran, said, "This matter is far from over."

The United Way, an annual

#### U.S. Panel Cites 'Severe Lack' Of Facilities for AIDS Victims officials should provide financial "there is a clear need for federal By Robert Pear

New York Times Service

WASHINGTON - A panel of federal health experts is recommending a wide range of measures to combat the AIDS epidemic and to provide health care for its vic-

In a confidential report, the panel says there is a "severe lack" of facilities to care for people with the acquired immune deficiency syndrome. It says federal and state

#### **Jackson Paying** Indiana Mayor for Campaign Work

WASHINGTON - Jesse Jackson's presidential campaign has been paying Richard G. Hatcher at the rate of \$75,000 a year to work as national director at a time when Mr. Hatcher has also been serving the final months of his fifth term as

mayor of Gary, Indiana. The campaign consulting-fee arrangement — unusual for an elect-ed official, though not illegal came to light in a campaign-spend-ing report Mr. Jackson filed last week with the Federal Election

Commission. It showed that from mid-May through Sept. 30, Mr. Hatcher re-ceived \$2,916 twice a month in consulting fees and an additional \$2,000 a month in expense allow-

Mr. Hatcher, 53, one of the long-est-serving mayors in the United States, defended the arrangement in an interview Friday, noting that there is nothing in local or state

His term expires Dec. 31. He said shortage of people to diagnose, he has continued to work full treat and counsel people with time" at his \$52,497-a-year city hall job, explaining that he has been spending nights and "an average of groups spending nights and "an average of one to three days a week," most of them on weekends, working on the is a lack of collaboration among private-sector organizations," and

Arizona's former governor, Bruce Babbitt, badly in need of publicity in his quest for the Democratic presidential nomination, appeared on TV's satiri-cal "Saturday Night Live." He was the first of the current candidates to accept the program's open invitation. In his skit, Mr. Babbitt denied having any of the character flaws that have felled other Democratic candidates, then was caught with 14 items in a supermarket's 10-item express checkout line.

—ARTHUR HIGBEE

year. It started in Denver when

the population jumped from 5,000 to 100,000 in five years

and, as The New York Times put

it, "social problems had grown too great to be addressed by spo-

The U.S. Mint's American Ea-

gle gold coins, one year old this month, are outselling the banned Scuth African Krugerrand and the Canadian Gold Leaf as the coin most widely held by Ameri-

can investors. Sales exceed \$1.5 billion. This is far over any pro-jections, and the U.S. Treasury

has profited by about \$127 million, according to Donna Pope,

Notes About People

Richard M. Nixon said in a

confidential memo to friends, ac-cording to the London Sunday Times, that if the U.S. economy

faltered, the Democrats "could

nominate a jackass and probably

win" the 1988 presidential elec-

tion. The memo was written shortly before this month's stock

radie hat-passing."

the mint's director.

effort in which various charities

homes, hospices and home care as AIDS patients.

David N. Sundwall, an assistant Health Service.

hoped its disclosure would goad people into acting on its recommendations, which represent the hoped its disclosure would goad in AIDS patients, especially those who become demented or emaciation. government's most comprehensive ed. often resembles that seen in effort so far to assess the effect of elderly people with ehronic illnesshealth care system.

request of Dr. Robert E. Windom, an assistant secretary of health and

"There will be a steady inan assistant secretary of health and human services.

The report says states must dra-AIDS through intravenous drug arrange foster care and day care for abuse. The panel expresses causious interest in the idea of dispenshospitalization when possible. ing sterile needles and syringes to

drug addicts. Dr. Roy W. Pickens, director of clinical research at the National Institute on Drug Abuse, a member of the panel, said his agency wanted to finance research to determine whether such a program would re-duce the spread of AIDS without increasing drug abuse.

The report also makes these points:

 Private insurers and Medicaid, the federal-state program for the poor, should pay for experimental new drugs that show promise in the treatment of AIDS but have not

 Professional schools should regulations to prevent him from provide more training to doctors. taking outside compensation. "I nurses, dentists, social workers and am worth every dollar I receive," he other health-care personnel on dded. dealing with AIDS patients and their families. The federal governfeated in the Democratic primary ment should help pay for such election in his bid for a sixth term. training because there is a severe

> Many religious and charitable groups are providing valuable services to AIDS patients. But "there

incentives to encourage nursing leadership to link them together. Infection with the AIDS virus

alternatives to hospitalization of is being detected in many small towns and rural areas that lack the "The cost of care for these pa- resources to care for AIDS patients will become prohibitive" unless such alternatives are found, ac-seminate the latest scientific inforcording to the panel, led by Dr. mation to doctors in such areas

 The federal government surgeon general in the Public should provide mortgage insurance to encourage construction and ex-A copy of the study was obtained pansion of nursing homes that from a federal official who said he agree to care for AIDS patients.

the AIDS epidemic on the nation's es. "People with AIDS often find themselves competing for health The study was conducted at the and medical services and facilities

crease" in the number of children with AIDS as long as the virus matically expand drug treatment continues to spread among intraveprograms to prevent the spread of nous drug users. States should help such children as an alternative to





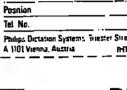
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PHILIPS

#### AFL-CIO Votes to Readmit Teamsters Union

By Frank Swoboda Washington Post Service

MIAMI BEACH - The AFL-CIO has voted to allow the Team-sters union back into the federation 1 13311 Villa Villa Villa three decades after it was kicked

union, a seat on the ruling policy

The 35-member executive countries and the AFL-CIO, the largest goods.

Teamsters countries countries goods.

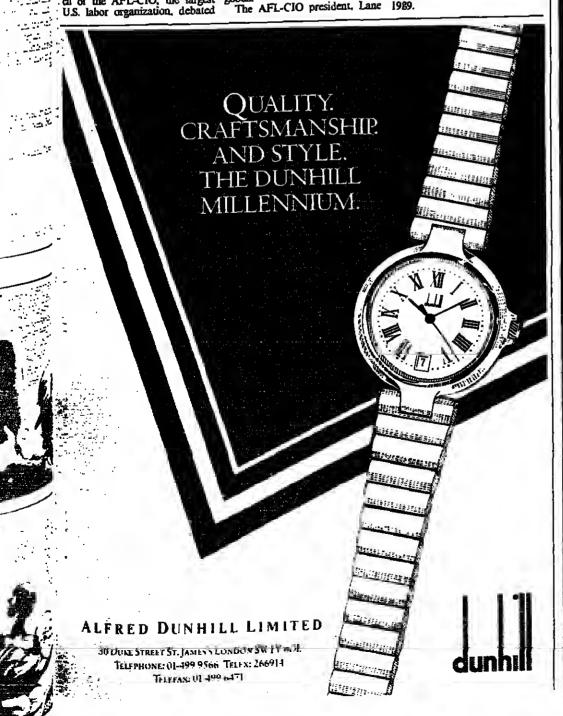
The AFL-CIO president, Lane 1989.

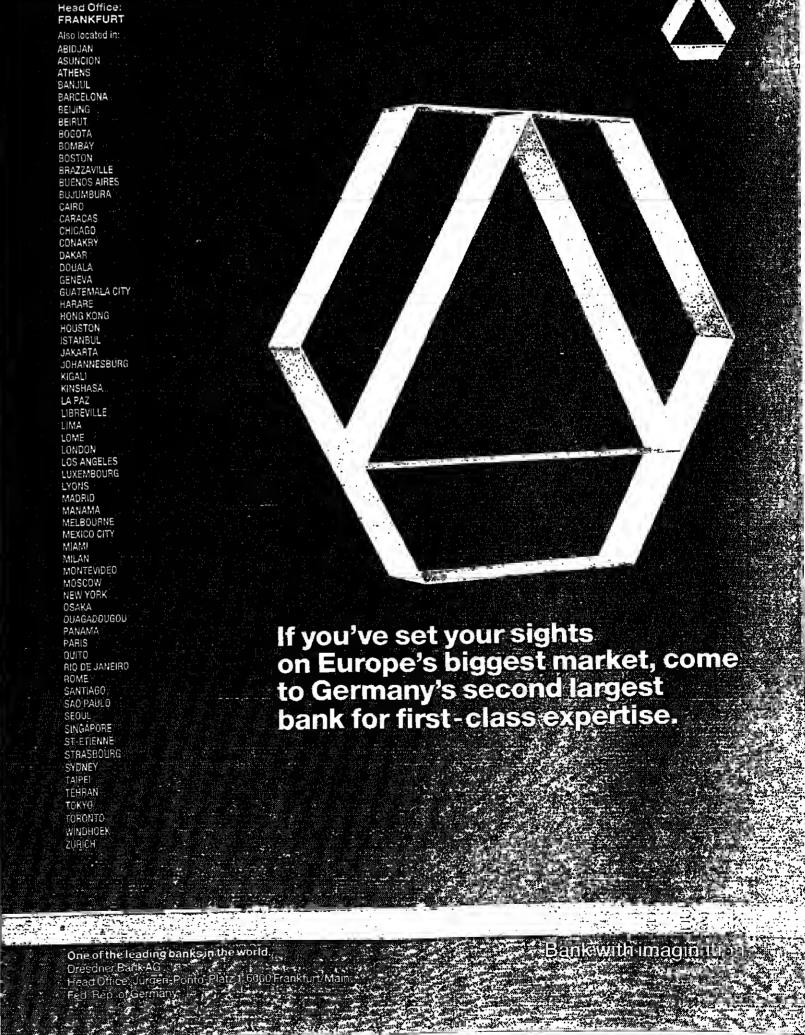
lion-member union, which represents truck drivers and related service workers. The reaffiliation will take effect Nov. 1.

The addition of the Teamsters crime. Moreover, the federation took steps to give Jackie Presser, the indicted president of the Teamsters efforts to organize and to strike. In

the Teamsters issue for less than an hour before voting unanimously on Saturday to readmit the 1.8 mileral indictment on fraud and racke-teering charges and the U.S. Justice Department's threat to take over the Teamsters union on the ground that it is controlled by organized

The executive council voted to politically in Congress and in their efforts to organize and to strike. In many areas, particularly construction and service industries, the expand its ranks to make room for Teamsters control the flow of the council to create additional seats before the next convention in



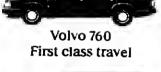


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**WOLWO IHT 26-10** 

# Guerrillas Who 'Fire and Run' Block Indian Control of Jaffna

By Loren Jenkins
Washington Past Service
JAFFNA, Sri Lanka — Standing on the stone parapet of a 300-year-old Dutch fort, Major General Amnjil Singh Kalkat, chief of operations of the Southern Command of the Indian Army, confidently proclaimed victory in the battle against Tamil rebels for the city of

"I think the final battle is over."
the general said Saturday. "We have the guerrillas hemmed in, and now we will deal with them."

series of muffled machine-gun

Suddenly the air was alive with the cacophony of war: the din of automatic rifles, more machine guns, the loud boom of an outgoing mortar and, in the distance to the north, the thud of an incoming ar-

While the Indian general insisted that the battle against the Liberation Tigers of Tamil Eelam was over, foreign correspondents who were among the first visit to Jaffoa since the Indian offensive hegan Oct. 10 found evidence to the con-

nation have penetrated Jaffna, a to blow us up. That is why we have city of 150,000 people, they clearly had to move so slowly and caudo not "control" it, as they have tiously."

Lanka as a peacekeeping force charged with guaranteeing the terms of an agreement signed July then mingled with refugees to 29 by President Junius R. Jayawardene and the Indian prime minister, Rajiv Gandhi, to end a fouryear Tamil insurgency.

The Indian forces were to supervise the disarmament of several Tamil separatist groups that India But as he spoke, there was a had previously supported and to sharp crack of rifle fire, followed by protect the minority Tamils, who are mostly Hindu, from the country's Buddhist Sinhalese majority.

Indian and Sri Lankan military officers in Jaffna acknowledge that the Tigers are oooetheless conducting an effective urban guerrilla war even though the rebels are vastly

ments as experienced and motivated guerrillas who have used homemade mines, high-explosive booby traps and hit-and-run tactics to keep the elite Indian troops at here. keep the elite Indian troops at bay. ing, General Kalkat was more con-

"They fire and run, fire and Oct. 10 found evidence to the contrary.

Though at least a division of the 20,000 Indian troops on this island

#### Roh Unharmed as Protesters Attack Motorcade in Taegu

New York Times Service

TAEGU, South Korea - Protesters hurling Molotov cocktails Associated Press reported. The attacked the motorcade of Roh Tae Woo, the governing party's presi-dential candidate, as he drove in an open car to a campaign rally here. One firebomb landed within 40 feet (12 meters) of Mr. Roh, who people attended the raily.

was unharmed. The incident Saturday was the third and most serious attack on Mr. Roh last week, He has been pelted with eggs and tear-gas gre-nades and his campaign appear-ances have been distrupted by violent demonstrations.

Although some politicians have suggested that the incidents could jeopardize presidential elections scheduled for mid-December, Mr. Roh minimized them.

"If you compare this small incident with the overwhelming enthu-siasm shown by the crowds here, it is ignorable," Mr. Roh said Satur-

Sunday through Seoul in an anti-government demonstration, The two oppositioo leaders, Kim Young Sam and Kim Dae Jung, appealed for support in the presi-dential elections. About 50,000

[The two Kims, vying for nomination of the Reunificanoo Democratic Party, were the main speakers at the rally, sponsored by students to denounce the govern-ment of President Chun Do Hwan.]

For most of the day, Mr. Roh received a warm welcome from tens his political base.

But as his car rounded a corner on the way to a rally in a gymnasi-um, about 20 students rushed to-the Indians as saviors, have turned ward the motorcade, throwing ker-

where they fired tear gas at several [Thousands of people marched sponded with rocks and firebombs. tance" held by the guerrillas.

General Kalkat said that many

The Indian Army entered Sri Tamil guerrillas had fired on his troops, put away their weapons and changed into civilian clothes, and then mingled with refugees to were waiting for them, to attack the Indian forces from the rear.

"What makes it so hard," he said, "is that it is often hard to tell the difference between a militant terrorist and a civilian refugee." The slow advance of Indian

troops into Jaffna and the unexpectedly high Indian casualties led the army to replace its commander

that 160 soldiers had been killed, 544 had been wounded and 38 were

many have been killed," he said. "But all I can say is, their losses are more than ours."

It remained uncertain how many of the estimated 1,500 guerrillas who were believed to be in Jaffna at the start of the offensive were still

Senior Indian and Sri Lankan military officials say that the group's leaders, whom the Indians hope to arrest or kill, have escaped to the countryside with an untold number of their armed followers. "We honestly don't know how

many people we are actually facing here." General Kalkat said. A Sri Lankan official with expe rience fighting the Tigers said he thought the Indian Army was now fighting only a rear guard of the

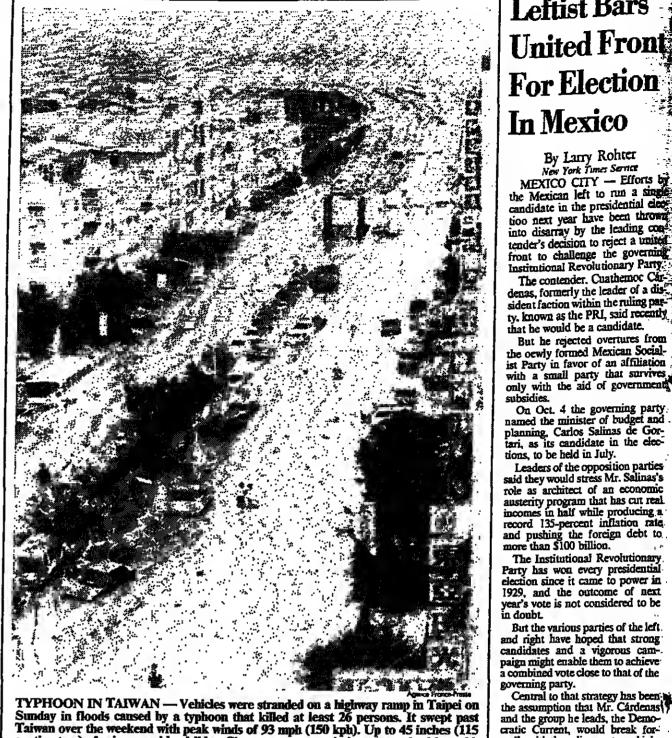
"Personally, I think the main groups have slipped away to fight another day," said the Sri Lankan officer, who asked that his name oot be used.

received a warm welcome from tens of thousands of people in Taegu, his political base.

The Indian campaign in Jaffina had been expected to be swift and precise. Instead it has proved to be clumsy and costly,

against them as the battle wears on.

According to Indian Army offi-The police chased the students to cers, large parts of the city re-oearby Kyunghuk University, mained mined and booby-trapped, and the army had not taken control hundred demonstrators who re- of a half-dozen "pockets of resis-



TYPHOON IN TAIWAN — Vehicles were stranded on a highway ramp in Taipei on Sunday in floods caused by a typhoon that killed at least 26 persons. It swept past Taiwan over the weekend with peak winds of 93 mph (150 kph). Up to 45 inches (115 centimeters) of rain caused landslides. Six persons were missing, the authorities said.

#### Revised Iran-Contra Report Asserts A 'Cover-Up' Amid 'Inverted Values'

New York Tones Service
WASHINGTON — A new draft of the joint congressional report on the Iran-contra affair is more critical of President Ronald Reagan than earlier versions and concludes that he supported an "environment of inverted values" and "upside-down logic," according to congres-sional officials.

Despite protests from conservative legislators who wanted to tone down the report, the officials said, the draft uses the word "cover-up" to describe White House actions after the Iran arms sale. "The word appears again and again," an official said.

the Iran-contra affair. On this critical point, the shredding of documents by Poindexter, North and

Members of the House and Senate investigating committees are continuing to dehate the final wording of the report. The deadline for its release was next Friday, when the committees were to go cout of existence.

The references were to Vice Admiral John M. Poindexter, head of the National Security Council during the Iran arms sales; an aide, coloned Oliver I. North and Will. out of existence.

But because of problems in pre-paring the report, including declas-sification of the document and printing, the release is now scheduled for Nov. 13, according to committee aides.

lawmakers. Some conservative officials seem to be just as disappointed with the new version.

"It is still very troublesome,"
said Senator Orrin G. Hatch, Re"The lies, the

publican of Utah, a member of the Senate committee investigating the

According to other congressio-nal officials, the new draft report seems to question whether Mr. Reagan hed when he denied ad-

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sales to Iran. An official with knowledge of the report said these statements appear in the new summary:

The president created or at

least tolerated an environment where those who knew of the diver-sion believed with absolute certainty that they were carrying out the · That environment was one of

"inverted valoes" and "upsidedown logic." The central remaining question is the role of the president in

others and the death of Casey leave

ing the Iran arms sales; an aide, Colonel Oliver L. North, and Wil-liam J. Casey, director of central intelligence at the time. • Concerning the diversion, "if the president did not know, he should have known."

· While the president was de-A revised summary of the report is dated Oct. 13, replacing one that had been criticized by conservative

· "Officials viewed the law not as a boundary for their actions but as an impediment to their goals. When the goals and law collided,

• The lies, the shredding the attempts to rewrite history, all continued unabated even after the president authorized the attorney general to find out the facts."

• Efforts to deceive Congress about the affair are "the essence of dictatorship, not democracy." The official said the report re-

said last week. "With his actions, he has demonstrated that he is more interested in his own candidacy than the country's problems."

Mr. Cárdenae's "Mr. Cárd al Security Council staff were out of control, that fundamental policies of governance were disregarded, and that the rule of law was subverted."

known as contras, from the arms esty and inordinate secrecy. Secrecy became an obsession."

After the governing party selected Mr. Salinas, Mr. Cardenas, 53, left the governing party and accepted the nomination of the Authentic Party of the Mexican Revolution, which is often derided as an "appendix" or "satellite" of the PRL -"Cuathernoc has fallen into a dangerous trap and committed a tained several harsh statements grave political error," Mr. Castillo

#### **U.S. Backs Arab-American Who Favors Anti-Israel Acts**

Washington Post Service JERUSALEM — Two U.S. diplomats have called on Israel to re-voke plans to expel an Arab-Amer-

resistance to the Israeli occupation of the West Bank and Gaza Strip. Morris Draper, the U.S. consul general in Jerusalem, and Arthur Hughes, deputy chief of mission of the American Embassy in Tel Aviv, visited the East Jerusalem office of Mubarak Awad on Saturday to ex-press support for his efforts to remain in the country.

Mr. Awad, 44, an Americantrained psychologist who has practiced Gandhi-style civil disobedience on the West Bank, is director
of the Palestinian Center for the Study of Nonviolence.

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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resistance, including the sabotag-ing of power and water lines. Mr. Awad was born and raised in

East Jerusalem. After a long resiican who advocates nonviolent dence in the United States, during which he gained U.S. citizenship, he returned in 1983. Since he faces criminal charges,

he believes his departure would he interpreted by the courts as an attempt to flee justice and would pre-

vent him from returning.

Ehud Gol, spokesman for the Israeli Foreign Ministry, said Mr. Awad's residence permit had been can citizen and because he advocat-

seems to question whether Mr. Awad on international conventions that prohibit our large in varied money to the Nicaraguan rebels, of money to the Nicaraguan

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**Leftist Bars** 

United Front

For Election

By Larry Rohter
New York Tunes Service

MEXICO CITY - Efforts by

the Mexican left to run a single candidate in the presidential elec-

tioo next year have been thrown

into disarray by the leading con-

tender's decision to reject a united

front to challenge the governing Institutional Revolutionary Party

denas, formerly the leader of a dis

sident faction within the ruling par-

the oewly formed Mexican Social-

ist Party in favor of an affiliation with a small party that survives only with the aid of government subsidies.

On Oct. 4 the governing party

named the minister of budget and planning, Carlos Salinas de Gor-tari, as its candidate in the elec-tions, to be held in July.

Leaders of the opposition parties said they would stress Mr. Salinas's

role as architect of an economic

austerity program that has cut real incomes in half while producing a record 135-percent inflation rate and pushing the foreign debt to more than \$100 billion.

The Institutional Revolutionary.

Party has won every presidential election since it came to power in

1929, and the outcome of next year's vote is not considered to be

But the various parties of the left and right have hoped that strong

candidates and a vigorous cam-paign might enable them to achieve

a combined vote close to that of the

mally with the ruling party and join the Mexican Socialist Party, a co-

alition of five leftist parties formed this year. The Socialist candidate,

Heberto Castillo, has said that he

"would be disposed to cede my place" to Mr. Cardenas.

governing party.

that he would be a candidate.

ty. known as the PRI, said recently

But he rejected overtures from ...

The contender. Cuathernoc Car-

In Mexico

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are to und to have an inthat tour country, which Cuif War brown, is no tender q and to Tehran. Seat to confining i by Type in the emotions The made up

ALCOHO Continued from Pr cal Association concur Create concept Treatment today over

ly reasons the notion the times a disease of unknot was an arrest its devel in research ears, however ing many of alcoholist contend that the pend Strang to the The strend that ale

a holian tal problem in out one. They reject the sensition of the disease contend that the disease clare the seac of moral "people are using alea an even e for wife abuse homicide, embezzleme erime you can think of,

ton Peele, a New Jersey gist whose book. The M Addiction disputes the alcoholism as a disease. The more and more alcoholism to be used as for mishchavior," be a more mishchavior we get a realment of alcoholism, pages are Mr. Peele contends are in certain values," sho

that dranking is a "mora not a drease.

The case before the Court was brought by ver contend that alcoholism

# Inited For U.S. to Embargo Trade For Election With Iran After Attacks In Mexico In Gulf, Officials Assert

By Lou Cannon and David B. Ottaway

Washington Post Service
WASHINGTON — The Reagan administration has decided to impose a trade ban on Iran in response to what it views as increasing Iranian hostility toward U.S. interests in the Gulf, according to U.S. officials.

A senior official said President
Ronald Reagan was poised to sign the order, aimed emerty as partial ing imports of oil from Iran and restricting exports of machinery amplies.

restricting was and other supplies.

and other supplies.

The ban will be "nearly total,"

The ban will be and other supplies. Fig. da ports of medical supplies will be of ports of meuna supposition rea-

Sons. The order imposing the trade bah is on the presture to be all his been signed off on by all his been signed off on by all his been in the advisers, the official said Friday.

The administration has been untractional pressure.

poste, der intense congressional pressure the month voted overwhelming-

this month voted overwhelmingly in favor of a ban on Iranian Rent imports after Commerce Department figures reveated that the second-largest supplier the second largest supplier the second largest supplier is the second largest supplier in the second largest supplier is set to the second largest supplier in the

July.

Ju ball ball ment from U.S. companies to rethe place machinery damaged by Iraqi
arr attacks. These purchases would
be clear to be prohibited by the prospective
ban.

A senior official who commission action in the Michigan has the congressional pressure A senior official who confirmed

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parties tribus 6 and parties of

He said "it was preferable to take much action by executive order" besuch action by executive administraban if Iran softened its attitude be toward the United States and toward United Nations efforts to bring about a cease-fire in the war between Iran and Iraq.

One such sign of a changed Ira-loc dig a man attitude would be acceptance of Mana 12 of UN Resolution 598, which calls for a cease-fire and a negotiated " in de political settlement to the war.

A trade ban on Iran has been mider discussion within the administration for months, and a State Department official explained that han's recent missile attack on a hardened the administration's atti-

Pan Am Office Bombed Tehran Radio said Sunday that anti-American attacks such as the bombing Saturday of Pan American World Airways office in Kuwait might recur. Reuters reported from Nicosia, where the broadcast was monitored.

A small explosive device shartered windows at the seafront office but caused no injuries. Two Kuwaiti newspapers blamed Iran and its sympathizers.

What happened yesterday can be cause for concern for American statesmen, as it was directed against a U.S. company and especially because it is not unlikely that such acts of protest will be repeated in Kuwait or its neighboring countries," the radio said.

There is no effective defense against an individual's quest for martyrdom, and we possess this weapon," Prime Minister Mir Hussein Moussavi told Tehran Radio. ■ Knwait Bolsters Defenses

Military experts and diplomats say Kuwait is seeking more advanced anti-missile systems and is redeploying its American-made Hawk missiles against an increasing threat from Iran, The New York Times reported from Kuwait. The sources said, however, that

Kuwait was unlikely to build an effective screen soon. Last week, after missiles struck two ships in Kuwaiti waters, including the tanker Sea Isle City, Kuwait's defense forces began moving batteries of Hawks from a idge near the Iraqi border to Fay-

lakah Island, diplomats said. The island is roughly between Kuwait's major oil installation at Al Ahmadi and the Iranian Silkworm sites in captured Iraqi territory on the Faw Peninsula. But the Hawk missiles had not

been set up in time to try to intercept the Iranian missile that struck a Kuwaiti oil-loading platform Thursday, and the troops could Georgia and chairman of the Sen-only watch helplessly as the rela-ate Armed Services Committee. tively slow-moving Silkworm

Knwait has also been seeking more sophisticated and diversified anti-missile systems, military exanti-missile systems, military ex-perts said, including electronic guise," Mr. Nunn said on televieans to jam the guidance systems of incoming missiles,

But these systems are very complicated and very expensive," a military expert cautioned. "It could take not just months, but possibly

#### SHIFT: Israel Rethinks Tilt in Gulf and even if it's not signed at a

(Continued from Page 1) ing one of the most feared and

active guerrilla units. The Israeli newspaper Yediot Almonot reported last week that plex.

Almonot reported last week that plex.

Am office a control of the plex of t

Gaza was being provided by Iran.
The religious awakening of the Arabs in the territories is very threatening. Major General Aman Mitzua, a top Israeli com-

mander, declared last week.

For all of these reasons, said
Aharon Yariv, the former chief of
Israeli Army totelligence and an
advocate of Israeli support for
Ling, We are starting to see a advocate of Israeli support for liaq. We are starting to see a much more balanced view here of the Iran-Iraq war. There are a growing number of voices in support of Iraq, although they are still the minority.

the minority.

The incipient pro-Iraq lobby has not been able to bring about any tangible shift in Israeli policy, But as the pro-Iraqi voices grow, are bound to have an impact. as the pro-fract voices grow, they

tending aid to Tehran. Gulf War began, is no longer ex-

talks, had sent pilots talks, had sent pilots defense and intelligence officials itary aid to Kuwait.

who dealt for years with the previous regime of Shah Mohammed
Reza Pahlavi, as well as members

Moscow Repeats Terms
The Soviet Union said Sunday a summit meeting could still be beld

Among the voices of the pro-Iraq on the Strategic Defense Initiative, lobby is Amazzia Baram, a lecturer United Press International report-University.

an victory in the war then you Party daily Pravda — explained could be risking the very existence why Mr. Shultz left Moscow withof the state of Israel," he said. "Af- out a commitment from the Kremter an Iranian victory the atmo- lin on a third Reagan-Gorbachev sphere in the countries around us summit. would be so unstable and paranoid, It also endorsed the Soviet no Arab leader would dare enter Union's view, stated repeatedly be-

tions with Israel, and its alliance Reagan's Reaction with the most moderate Arab countries, may be purely tactical in Iraqi cyes, but they have no other choice as Sandis Urge Sanctions

The Washington Post reported

as the pro-Iraqi voices grow, they are bound to have an impact.

Israeli officials already insist that their country, which has sold arms to Iran on and off since the control of the cont

Riyadh.

of Israel's military-industrial com- this year if Washington agreed to an agenda that would include limits

Middle East Studies at Haifa ed fro

"If you are ready to risk an Irani- in an article by the Communist

into a peace with Israel."

Moreover, said Mr. Baram, in SDI research would violate the Iraq's more accommodating attitude toward Arab peace negotiawhich puts limits on such systems.

israel's powerful pro-Iran lobby seems to be confining its backing for Tehran to emotional support.

This lobby is made up of some to defense and intelligence officials is the form of the closer and intelligence officials.

Riyadh.

Mr. Reagan said Saturday in his weekly radio address that "we're Cooperation Council met in the closer now to completing a treaty" Saudi capital amid reports that eliminating medium- and shorter- Egypt, which is not involved in the discussions Mr. Shultz held in the discussions Mr. Shultz held in the cooperation of the six-nation Gulf weekly radio address that "we're cooperation Council met in the closer now to completing a treaty" saudi capital amid reports that eliminating medium- and shorter range nuclear missiles as a result of the discussions Mr. Shultz held in the closer now to completing a treaty" saudi capital amid reports that eliminating medium- and shorter range nuclear missiles as a result of the discussions Mr. Shultz held in the closer now to completing a treaty which is not involved in the discussions Mr. Shultz held in the closer now to completing a treaty.

#### BUDGET: Charges Traded in U.S. MARKETS: (Continued from Page 1) spending, with the exception of So-spending cuts required under the cial Security, at this year's levels.

revised budget-cutting law.

■ Broad Freeze Considered Steven V. Roberts of The New York Times reported earlier from

As White House aides worked over the weekend on their strategy for budget negotiations with congressional leaders beginning this week, they were giving serious consideration to a proposal that would freeze domestic and military

#### PHELAN: NYSE Optimism

(Continued from Page 1) er articles on international mar-

kets, pages 7 and 9.)
Mr. Phelan also predicted that trading bours would return to normal by Wednesday.

"The important thing is that Monday and Tuesday are the set-Mr. Reagan spent the weekend thement days for the two 600-million share days that commend last Camp David, the presidential lion share days that occurred last Monday and Tuesday," Mr. Phelan said. "Once we get through those two days, we will know whether there have been any real systemic damages done or not."

George P. Shultz explain-

ing on Sunday why too

much delay might jeopar-dize a summit meeting.

(Continued from Page 1)

Both Mr. Shultz and Mr. Car-

week for a Washington meeting

seemed to be connected with his

which involves a space-based mis-

also said a U.S.-Soviet summit

meeting might not be necessary for

"I believe the lack of a summit

sion. He said he did not believe an

arms-reduction agreement was

ready, "We have some terribly dif-

ficult technical, but important, ver-

"So I would rather take our time,

The Soviet position - outlined

ification things to work out."

sile defense system.

an arms control treaty.

**SHULTZ:** 

tion likely

The stock exchange announced last Thursday that it would shorten trading for three days, shutting Moscow Cautioned own at 2 P.M. last Friday and on Monday and Tuesday this week. Mr. Phelan predicted that the ex-change would resume normal tradcurity adviser, Frank C. Carlucci, said on ABC television that it was ing on Wednesday. "quite clear that an INF treaty is

Mr. Phelan said officials would within reach," with final comple-tion likely "within a matter of look at ways of regulating the institunional program traders. He said he was particularly concerned If Mr. Gorbachev doesn't wish to about their leverage, or the small amount of money they are required to put up on their investments. come here to sign it, Mr. Carlucci "we can sign it somewhere Clearly there is too much lever-

age in the system at this time and lucci said Mr. Gorbachev's stated particularly at both ends, when the objections to setting the date last market's going up and when the market's going down," Mr. Phelan longstanding opposition to Mr.

In program trading, huge blocks of stock are traded as arbitragers Reagan's Strategic Defense Initia-tive. Both said Mr. Reagan would seek to profit from the difference in not change his stand on the issue, value between the cash value of the stocks and futures contracts based on those stocks. Senator Sam Nunn, Democrat of Economists said the stock ex-Georgia and chairman of the Sen-

change's decision last Tuesday to impose sharp restrictions on computer program trading belped the market regain some slight equilibri-

White House aides cautioned that final decisions had not been made on the administration's negotiating position, and that a freeze on spending could take many forms. But they noted that Mr. Reagan had commented (avorably on the idea of a freeze in a speech

Friday at the Labor Department. "You won't solve the problem just by raising taxes," a White House official said Saturday. "You've got to put some focus on restraining spending. And you can get to where you want to go by thinking of some sort of a freeze."

In his regular weekly radio address on Saturday, Mr. Reagan tried to set a sober but upbeat tone after last week's unprecedented decline in the stock market.

Though the market has been volatile," he said, "let's remember, if corrections or fluctuations do occur, that as long as consumers do not overreact by losing confidence, our expansion will continue."

retreat in Maryland, after a week in which many of his domestic and foreign policies suffered severe re-White House aides acknowledged that they now worked for a president who had lost a large share

of his ability to shape events in the "It's not a week to be ecstatic about," an official said. "But things

are still working well. We need to hunker down and keep at it."

#### SPEED: Germans on the Highways

further downward adjustment from the target zones set by ministers last February is inevitable.

The only question dealers pose is whether the adjustment will be an issue. Speed limits are not being made within the framework of a considered. According to our stamade within the framework of a credible package of policy measures or will be forced by speculators mounting an attack. Official policy is now incoherent

which is why, dealers say, the exchange rate has started to move.

To calm financial markets, the Fed has been pumping liquidity into the banking system. Whatever other worries securities markets faced, cash was amply available and at ever lower rates of interest. But that lowering of interest

rates, without any other policy changes, is destroying the incentive to hold dollars instead of yen or Deutsche marks, dealers said. Assessing the prospect that gov-

ernments, particularly Washington, will adopt policies needed to sustain world economic growth and stability, Stephen Marris, an economist at the Institute for Internarional Economics in Washington

We are at the starting gate of a race between economic reality and political inability."

SHERIDAN MORLEY

nation-wide autohahn speed limit, Mr. Kohl said speed limits "won't bring us anything, we won't do

Bernd Bialleck, a spokesman for the traffic ministry, said. "It's not tistics, the average speed on the autobahn is 113 kilometers per bour. The number one cause of accidents on all roads is driving too fast for conditions. Not having a speed limit is both a freedom and a responsibility, a responsibility to drive safely within the context of

the conditions." Those conditions include heavy traffic, varying road-surface quality, time of day and the weather. Mr. Bialleck said.

Even if there is beavy fog, some drivers simply refuse to slow down," he said. "But the horrible ehain-reaction autobahn accidents in bad weather you see in the newspapers aren't because of excessive speeds. Our statistics show the average speed when these things oc-cur is about 80 kilometers per hour. The problem is, in the log even that

The 8,450-kilometer autobahn system is statistically West Germany's safest highway, Mr. Bialleck added, accounting for only 4 percent of all motor vehicle accidents.

Whether fast driving is myth or reality, it certainly is becoming technologically easier. West German automakers are busy building and selling faster and faster cars. "We huld the most technologi-

said Peter Schutz, managing board chairman of Porsche A.G., when asked about the company's reasons for creating the limited-edition Porsche 959 on which the speedometer runs to 315 kph, Carl H. Hahn, managing board chairman of Volkswagen A.G., calls the automobile "the technical embodiment

of freedom." Whether or not drivers can handle that "technical embodiment of freedom" is another matter. It is a darker side of technological capability that contributes greatly to the German obsession with speed, according to Wolfgang Sachs, a sociologist. In his recent book, "The Love of Automobiles," he suggested it was "lust for victory and fear of insult," that motivated fast drivers to tail-gate at speed or cut sharply in front of other drivers.

On the A5 between Frankfurt and Darmstadi, both those motivations are clearly evident. And the road itself has a history of speed. Prior to World War II, two German race drivers took turns setting the world land speed record on this long straight stretch of highway. Both died attempting to go faster

#### **Quake Reported in Israel**

TEL AVIV - An earthquake measuring 4.4 on the open-ended Richter scale shook the southern end of the Dead Sea and sent tremors throughout the Negev desert on Saturday, the Israeli news agency





Swiss Bank Corporation for institutional investors.

#### When you're looking at new markets, look up an old friend.

ALCOHOL: U.S. Supreme Court Is Joining the Debate (Continued from Page I)

all Association concurred in the disease concept.

Treatment today overwhelming by rests on the notion that alcoholism is a disease of unknown origin. abling illness, prevented them from taking advantage of education benefits in the 10 years after their by the American Medical Association to the transfer of the Market M

sum is a disease of unknown origin, without a corre

vathout a cure, and that the only way to arrest its development is abstinence.

In recent years, however, a growing minority of alcoholism experts postend that the pendulum has swing too far.

They contend that alcoholism is a behavioral problem, not a medical one. They reject the idea that alcoholism has a behavioral problem, and a medical one. They are reject the idea that alcoholism is a behavioral problem.

cal one. They reject the idea that genetics play a primary role and contend that the disease concept blirs the issue of moral responsibility.

People are using alcoholism as an excuse for wife abuse, vehicular homicide, embezzlement, every homicide, embezzlement, every
sime you can think of," said Stan-

ton Peele, a New Jersey psychologist whose book, "The Meaning of Addiction," disputes the notion of Motholism as a disease.

The more and more we allow alcoholism to be used as an excuse for misbehavior," he said more misbehavior we get." for misbehavior," he said, "the

Treatment of alcoholics, who in certain values are deficient in certain values, should stress
that drinking is a "moral of stress

The case before the Supreme Court was brought by veterans who control of that alcoholism, as a disease.

Asserting that alcoholism is a return to a recommend of coholism was a disease.

military discharge.

In denying them an extension of benefits, they contend, the Veter-ans Administration violated the Federal Rehabilitation Act of 1973, which prohibits discrimination on the basis of handicaps. The law was amended in 1978 to include alco-

Extensions can be granted to veterans hindered by physical or men-tal problems "not the result of their own willful misconduct." The Veterans Administration accepts "secondary alcobolism, in which drinking is a symptom of an underlying psychiatric problem, as an involuntary illness eligible for extension of benefits, but not the

root disorder. The plaintiffs, Eugene Traynor, 46, of New York, who works as a supervisor to a photography laboratory, and James P. McKelvey. the Supreme Court in 1968, in a 42, an alcoholism counselor who lives in Washington, received honorable discharges from the army in Powell vs. Texas, the court rejected the late 1960s. Both men said they the argument that public drunken-had abstained from drinking alco-ness should not be considered

tion, the Vietnam Veterans of America and the National Association of Addiction Treatment Pro viders. These groups are hoping the court, for the first time, will explicitly define alcoholism as a disease.

But it is possible that the court ters. In 1985 the federal courts, in siding with Mr. Traynor and Mr. McKelvey, held the Veterans Administration policy discriminatory but did not address the disease is-

But last year the U.S. Court of Appeals in New York reversed the Traynor decision on the ground that benefits policies are exemp from judicial review. In the McKel more common "primary alcoholism," in which drinking itself as the root disorder.

wey case, the Court of Appeals in Washington agreed to review the policy but upheld the Veterans Administration on the ground that experts were divided over the question of alcoholism as a disease.

The question initially reached challenge to a Texas law against public drunkenness. In that case hol since the early 1970s, when they were hospitalized and treated for alcoholism sickness. In its decision, the court noted that there were dif-Asserting that alcoholism is a ferences of opinion on whether alInternational portfolios are now in.

Everybody's talking about sophisticated new techniques, new markets, new challenges. But when you've been in the business as long as we have, that's actually nothing new. A really meaningful innovation might be

looking for in the institutions that handle your accounts. Define your objectives and your questions.

to draw up your own list of what you're

Then, let's talk it over. That's how the new ideas start to take shape. We know from experience.



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# Herald Tribune.

#### The Price of a Summit

So Mikhail Gorbachev, perhaps noting agreement with the Soviet Union, not to Ronald Reagan's travail, has raised the speak of a summit meeting, so highly that it price of a summit meeting. But how did Americans ever talk themselves into believing that a summit with the Soviet leader was something that needed to be paid for? It is an absurd idea. Not for the first time an administration has incautiously let itself view such a meeting as an achievement in its own terms and as a political tonie for a struggling president. The Reagan administration baited a little trap for itself, and

Mr. Gorbachev has predictably sprung it. Let no one think, however, that the Soviet leader has done something indescribably brutish that requires a "tough" American response. Mr. Gorbachev is under no obligation to do Mr. Reagan a political favor. The Kremlin leader is presumably pursuing the Sovier interest. For several years nothing has been clearer in Soviet policy than the determination to bring about limits on America's Strategic Defense Initiative.

Some Americans may have let their attention stray from this Soviet preoccupanon. Mr. Gorbachev has, we trust, put an end to this sort of wishful thinking. There is a school of American opinion that prizes

speak of a summit meeting, so highly that it would have Mr. Reagan rush out now to deliver the requisite concessions to Moscow. But this is no way to run a policy. First of all, for a summit - a mere

meeting - Mr. Reagan should pay nothing. Then, he must make the decision that be has resisted making ever since SDI opened up for him the shining vista of a nuclear-free world. He must decide whether the vista is close enough to being realized to justify his rejection of the great gains - great by all past arms-control measures - that now apparently are available from the Soviets.

One part of Mr. Reagan's mind and administration favors taking the deal Mr. Gorbachev offers, a deal providing room for all the SDI progress that many experts believe to be feasible. We think this is the right course. The other part of Mr. Reagan's mir and administration urges him to reject the Gorbachev deal and to pay any price neces-sary to make SDI a reality. Mr. Gorbachev was never going to let Ronald Reagan avoid this choice, and now it is before the president in starker terms than ever.

- THE WASHINGTON POST.

#### No Magic, but a Chance

He may have sounded too vague, too grudging, too short on information and direction. But in his news conference Thursday, President Reagan offered just enough to begin serious bargaining with Congress on the budget deficit. His place in history may now depend on how much more common sense he can muster for the budget negotiations, the Gulf and arms control.

To be sure, the president would have been far wiser to say up front that he had changed his mind and would now permit a tax increase as part of a budget settlement. His word games virtually invited reporters' unceremonious hounding on this point. He added to the confusion Friday by restating his dislike of tax increases. But it is hard to imagine him pulling taxes off the table now.

It would have been splendid if Mr. Reagan had found magical words in the tradition of Churchill or Franklin Roosevelt to lift the spirits of a nation stunned by a sudden crisis, and to dissipate financial and other fears. But in fact words can no longer suffice. The costs of a six-year borrowing binge will not be recovered in a news conference.

What is called for is not a new set of incantations to make people feel better, though many seem to have boped for just that. What is needed is hard evidence that America's leaders are not so blinded by ideo-

logical slogans and narrow political interests that they cannot manage urgent problems. When Mr. Reagan said Thursday that "everything" is "on the table," it did not take an oracle to divine his meaning. As long as his intemperate comments Friday do not get in the way, the path is open to trim the

budget deficit by at least \$23 billion by spending cuts and new taxes. It is important that agreement be reached quickly to create a

sense of accomplishment and momentum. The president also has to define a broader strategy for dealing with the financial crisis. The immediate goal must be to deter the flight from the dollar to other curren-cies. Such a rout would further financial panic, produce an enormous upsurge in interest rates and almost certainly shove

the world economy into recession.

Similarly, Mr. Reagan could not in a night overcome the confusion sowed by his previous flailing around on the Gulf. He surely was right not to throw a new match into the volatile Gulf situation. For the moment, calm is required bere in order to deal with economic issues. But, as with the market crisis, it is critical that the administration press forward with a broad plan to end the Gulf war. It is too risky to simply ride the rising tide of violence.

On arms control, there is also no time to lose in setting a date to meet with Mikhail Gorbachev, Moscow made elear Friday that the summit cooference now depends on Mr. Reagan's compromising on his "star wars" dream. That dream is likely to crash in any

event on budgetary and technical realities.
Why not get something for it beforehand?
A summit session with new arms treaties would provide the White House with a badly needed achievement after a year of cascading failures. It also would improve the president's capacity to deal with the concurrent crises of finance and the Gulf.

- THE NEW YORK TIMES.

#### Just Sensible Governance

To begin responding to the alarm set off by Wall Street in the last two weeks does out require draconian or revolutionary measures.

harsh on the disadvantaged, and his revenue scheme remains unconvincing. Congress answers with a more reasonable rationing of It calls for relatively painless and obvious compromises: For America the first order of business is a sound and convincing commitment to shrink the budget deficit. For West Germany and Japan it means some stimulation of their economies. If the elected leaders of these three powers cannot manage these steps, they cannot govern.

The message from the stock market meltdown is elear, and not new. Endless buge deficits in the budget and foreign trade spell trouble, and it was frightening for Washing-ton to behave as if they didn't. While President Reagan must bear primary responsibility for the crisis of lost confidence,

he cannot restore it alone. Congress has to help, by scrapping its protectionist trade bills as well as dealing sensibly on the budget. Help must come, too, from foreign governments whose economic fate depends on U.S. growth and price stability. That means West Germany and Japan must overcome their preoccupation with inflation and adopt policies for faster growth as the United States moves toward austerity.

The president has led the electorate and Congress down the garden path with nostrums that George Bush aptly dubbed "voodoo economics" before be became the witch doctor's running mate. Congress collaborated in this nonsense, but Mr. Reagan's formula was politically irresistible and his popularity overwhelming.

The trick now is to dig out. There was

welcome progress last year, but one year is not enough, and this year was a standoff until the stock market forced President Reagan's agreement to negotiate. He still proposes only nondefense spending cuts, plus a miscellany of user fees and one-shot sales of government assets. Those curs are far too

outlays, but Senate and House Democrats tax packages are patchwork. Taxing the consumption of energy would be better; like-

wise, higher taxes on tobacco and alcohol. Mr. Reagan is now willing to put "everything on the table with the exception of Social Security." Given the urgency of quick agreement, another shoot-out over Social Security right now would waste time. But the budget problem can never be resolved if benefit entitlements are untouchable.

For the moment, though, it is enough that President Reagan accept the need for higher taxes at long last, if indeed he does. "Over my dead body" combativeness is out. Turning conciliatory, be now says "I am willing to look at whatever proposal they offer." He must also be flexible on cutting

back the excesses of the Pentagon. With the threat of a recession suddenly more ominous, many ask whether fiscal tightening still makes sense. It does, Budget paralysis-as-usual, as if last Monday's 508point drop in the market was just a bad dream, would further shatter the world's fragile confidence that the U.S. government can govern. And the \$23 billion hit required the Gramm-Rudman-Hollings budget law is relatively small, particularly when di-vided between spending reduction and high-er taxes. This should not devastate the econ-

omy if interest rates remain low enough. What is essential now is that the governmeni treat the budget deficit responsibly for a change - not with paper savings and phantom revenues. The total cutback must add up to a real \$23 billion this year and, barring recession, more later. No smoke and mirrors this time. No more voodoo. Just a modicum of sensible governance.

- THE NEW YORK TIMES.

#### Other Comment

#### To Stave Off World Recession

The democracies of the West face one of their greatest challenges: to devise and implement the policies to avoid the Great Crash of 1987 from turning into worldwide recession. America [must] reduce its credit needs. But that can only be done if West Germany and Japan take up the slack. International coordi-

nation of economic policy is essential. The finance ministers of the world must now agree to a general interest rate "disarmament" to encourage economic activity, a new and tower target for the dollar to reduce the U.S. trade deficit, and increased demand in West Germany and Japan as America cuts its budget deficit. Nothing less will stave off recession.

- The Sunday Times (London).

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#### **OPINION**

# A Toughened Queen Aquino May Yet Succeed It's No Time

By Theodore Friend

N EW YORK — Corazon Aquino, who came to the presidency in the Philippines on her own bravery are not awesome and their terrorism and the votes of courageous Filipinos, has had a year and a half to experience the gall of power as well as its glory. Her tough speech to Filipino businessmen last week shows that her learning curve is spiking up again, in its con-stant race with curves of expectation and opposition. For now, though, the outcome of this race — and the future inflation, hyper-corruption, laggard growth and large-scale debt. He laughed. If I returned to pow-

of Philippine democracy — is unsure.

The task when she came to power was threefold: to care for the indigent. curb the intransigent and quell the insurgent. She has had mixed success. Inflation has been cut from 20 percent in President Ferdinand Marcos's last year to near zero. The gross national product, which fell by nearly 10 per-cent in each of the last two Marcos years, grew by 5.5 percent in the first nine months of 1987. But at this rate, a return just to 1975 living standards might take until 1991. High expecta-

critical of Mrs. Aquino.

Mrs. Aquino may or may not get teamwork from the cabinet she formed after the August coup attempt. Either way, public politics has regressed to the slow-growth style of the 1960s. Worse, Latin-style coupsters in the army remain on the loose. They challenge those, led by Chief of Staff Fidel Ramos, who observe as a point ian supremacy over the military.

General Ramos's task, with an underequipped, demoralized and in-creasingly schismatic military, is to contain and eventually defeat the Communist guerrillas. The New People's Army is now estimated at 24,000. Economic progress is not rap-id enough to make it dry up and Philippine Army efficiency is far

is not inspiring. But their army grows.

Some months before he was murdered, I asked Benigno Aquino how,
if he ever returned to power, he would attack the problems of malnutrition.

er? Those problems would be Mar-cos's revenge on me." His articulate realism and buoyant jesting would have helped in rough moments. He said he would retain many emergency powers but would restore habeas cor-

tions have led to sharp frustrations. The demonstrations of the Marcos loyalists have failed. The exiled dictator himself, prevented from returning to the Philippines by the State Departmeat, byes on in Honohilu. But many Philippine personalities and forces are critical of Mrs. Aquino.

Fidel Ramos, who observe, as a point of American-imparted principle, civil-

from adequate to blow it away. The constitutional monarch and a Mater rebels' organization and leadership Dolorosa. She is capable of regal te-

C HICAGO — In the aftermath of Black Monday, almost everybody is knocking the deficit. And so it has always been, usually in the face of all reason and logic. Republicans used to do it, blamming Department from Franklin Roomers in the contraction of the state of th

ing Democrats from Franklin Roo-

sevelt on. And now Democrats think they can make good political

capital, blaming Reaganomics and the Republicans. It didn't take the politicians and financial wizards long to find the most convenient,

and cooventional, whipping boy: The market crashed because of

those buge federal deficits and the

accompanying exploding debt. We cannot keep "living beyond our

means" without facing a final judg-ment. The market saw this and fi-nally panicked in a (collectively fu-

The remedy is clear. We must get

our act together and cut that deficit.
The trouble with this argument is
that it is wrong. Throughout history,
larger deficits have not brought on

market declines. Over some 30 years,

at least, increases in the budget defi-

cit have been associated with concur-

Dow Jones industrial average.

rent and subsequent increases in the

The explanation is not hard to find. Bigger deficits, unless brought

on by recession, tend to stimulate the economy. Deficits entail more

spending by the private sector when caused by tax reduction or more

public spending when brought on

by government payouts, or both.

ket that accompanied the bugely expanded budget deficits from 1982

on. And — purveyors of conven-tional wisdom should think about

this - in the last year the deficit

has come down enormously. It was

The most recent confirmation of this is the great five-year bull market that accompanied the bugely

tile) effort to get out in time.

nacity in directing what is "right," if only her advisers could agree on what

pus. He admired what Park Chung

is best. She exudes the genuine sympathy of a Mother of Sorrows. But what inspires individual souls may not cure a sick society. Corazon Aquino by her life and character draws Filipinos to her, an exemplar of forbearance, forgiveness and triumph over what is base in human affairs. But the Philippines needs her as both a symbol of national unity and a firm chief executive. The gasping we have been bearing is another breathing spell in Manila. The poor and landless look up in



High Interest Rates, Not Deficits, Are the Real Culprit

Hee had done to help develop South Korea in his first decade as president. "Marcos's revenge" has instead stricken Mr. Aquino's wife. Unlike Mr. Marcos, she is compassionate and consultative. But she compares badly with President Ramon Mag-saysay, who coped effectively with the Huk rebels 30 years ago. Her populism thus far lacks economic

gumption and military gut.

Whatever Mr. Aquino might have made of a presidency, Mrs. Aquino's style has veered between that of a

a tremendous \$221 billion in 1986

and about \$148 billion in the fiscal year that ended Sept. 30.

If large budget deficits caused the market to crash, why did the market

roar along when the deficits were at their greatest and tumble only after the deficit fell by 33 percent? There is indeed an explanation

for what brought the market down, and that is rising interest rates. As every investor knows, rising interest rates mean falling bond

prices and, unless rising profit expec-

tations compensate, falling stock prices as well. Interest rates have

been rising for some time, but with

Alan Greenspan's arrival as chair-man of the Federal Reserve Board in

August, the rise turned into a rush.

As many commentators warned, re-

stricting the money supply in an at-tempt to combat inflation was exact-

It is often contended that the bud-

get deficit brings on rising interest

rates. Again, the facts are otherwise. The deficit rose from \$79 billion in 1981 to \$128 billion in 1982, and

averaged over \$200 billion from 1983 to 1986. Interest rates, as measured

by t0-year Treasury securities, fell during this period -- from 13.91 per-

cent to 7.68 percent, and inflation fell sharply as well. From August to September of this year, as news came

in that the budget deficit was run-

ning less than expected, those same

larger budget deficits may put up-

ward pressure on interest rates. But the dominant factor in interest-rate

movement is monetary policy. And

that is determined by the Fed.

ly the wrong way to go.

disappointment. Critics in the middle class, those who represented "people power" in the triumphant days of February 1986, are hanging back, even applying for resident visas in the United States. But now, in her recent speech, Mrs. Aquino is clearly sounding a new note: She pledges that "Henceforth, I shall rule directly as president." The words are reassuring

It is, after all, a familiar matter of

supply and demand. Interest rates are the price of borrowing or hold-ing money. Given the demand for

money, if the Fed restricts the sup-

ply, interest rates will rise.
There is hope. After the debacle of Black Monday, Mr. Greenspan and the Fed sharply reversed field. They

announced that they would make money and credit amply available, and backed that up with action in the

securities markets. Interest rates

promptly plummeted, which meant that bond prices rose sharply. With that, Wall Street, and markets

around the world, rebounded.

to those fearing drift. No one else could lift the spirits of so many of her people by hands-on governance. America's tutelary days in the Philippines are long gone. The political epiphany of February 1986, in which

Americans felt vicarious triumph to-gether with democratic Filipinos, may be the last great moment of shared binational feeling. The calculations ahead will be on

national interest. The United States does not have the financial resources for significant help in regenerating the Philippine economy. Filipinos must do it. The United States does not have the intention or will to enter into combat with the New People's Army. Filipinos must prevail. The United States does bave the resources, the intention and the

will to maintain air and naval bases will to maintain air and naval bases in the Philippines as a counterpoise to the enlarged Soviet presence in the region. In 1988, a five-year review of the military bases agreement must take place. Some Filipinos want to get rid of the bases; others want more "rent" for them. The discussions probably will be emotional as Filipino-American policy tional, as Filipino-American policy

discussions usually are.

The binational good will of February 1986 may be as hard to conjure uo as "people power" now is. Both sides will measure dollars and

strategie interest with care.
With the bases both a link and an irritant, the United States and the Philippines are destined for slow hisrimppines to rical disengagement. There will be more pangs for the United States over trouble in what was once its democratic experiment. And more wounds are likely for the Philippines. Mrs. Aquino, however, appears to

Mrs. Aquino, nowever, appears to realize the futility of recent spastic and factionalized politics. Rather than face a choice between a Latinstyle coup and attempting a form of military authoritarismism familiar to the couple of Southers. Acid the other parts of Southeast Asia, she says she will take hold. A Mater Do-lorosa would fail the test. A toughened queen could still succeed.

The writer, president of the Eisenhower Exchange Fellowships, will soon publish a history of the Philippines and Indonesia under the Japanese occupation. He contributed this comment to The New York Times.

to avoid a serious recession, mone-tary easing must be sustained. Inter-

est rates must be driven lower and

kept down. That would narrow the

deficit as it improves the economy. But the conventional wisdom of

lowering the deficit by raising taxes

or cutting government expenditures

- whatever the merits of reducing certain swollen budgets, such as

those of the Pentagon and farm pro-

grams — threatens economic disas-ter. It is a mindless throwback to the

The writer, a professor of econom-

tcs at Northwestern University, is president-elect of the American Eco-

nomic Association. He contributed

For that recovery to continue, and this view to The New York Times.

TN 1981, when the poorest countries of the world were faced with a debt

In 1981, when the poorest countries of the world were faced with a debt crisis, President Reagan advised them to tighten their belts and live within their means. Surprisingly, they managed to do so—albeit at extremely high costs in terms of unemployment and reduced living standards.

Most countries of Lann America now have trade surpluses. At present the United States should take a little of its own advice. It can avoid paying similar costs only if it acts before the debt has accumulated further, and before the appropriate the states of the standards.

and before the unavoidable import-price inflation becomes embedded

through increases in domestic wages and prices.

If America could reduce its budget deficit by \$30 billion to \$40 billion annually, it could offset the effect of a shrinking deficit on the economy with

lower interest rates, and not have to worry so much about foreign capital

Other industrial countries could then follow the U.S. lead and reduce their

Other industrial countries could then follow the U.S. lead and reduce their interest rates. If they did so, that would foster world economic growth by stimulating capital investment in the industrial countries and reducing the debt burden of the developing countries. Faster growth abroad also would help expand the market for U.S. exports.

If other countries chose oot to lower their interest rates, funds would flow out of U.S. markets, and the dollar would decline in value; but U.S. goods would be more competitive. They would lose, and Americans would regain would be the share of markets lost in the first half of the decade

much of the share of world markets lost in the first half of the decade. - Barry Bosworth, an economist at the Brookings Institution and former director of the Council on Wage and Price Stability, in The Washington Post.

drying up. That would give financial markets the relief they need.

Latin America's Lesson for the North

economics of Herbert Hoover.

# For Spain To Retreat

By Edward Schumacher

M ADRID — A number of code of tives are being uttered in Washington and other NATO capitals these days about the Spannard Some of the kinder ones are selfection obstreperous" and "treasonous."

Just as the United States and the Exprise Union are about to great the control of the selfection of the se

Soviet Union are about to scrap much of their nuclear arsenals in En rope, raising the importance of conventional forces, the government of Prime Minister Felipe González is demanding that Washington with draw a key wing of F-16 fighter-bombers based near Madrid.

bombers based near Madrid.

If the Reagan administration sists, the Spaniards, unswerving for more than a year, promise in three weeks to submit the required six month notice to end the agreement. for all American bases in Spain.
What was a confrontation of principal of the confrontation of principal of the confrontation of principal of the confrontation of the confrontat

cipte now threatens to escalate into the loss of other bases such as the giant 6th Fleet base at Rota nasty precedent for bases elsewhere and a Spanish retreat from the West Some American cool and Spanish vision are clearly in need. Close inspection reveals that, for historical and political reasons, the airplanes have to go. But Western security dic-

have to go. But Western security dis-tates that the González government must make up much of the loss. The wing the 401st Tactical Figure. Wing, consists of 72 F-16s and nearly 5,000 American airmen and civilians. Their job is to reinforce the southern flank of the North Atlantic Treaty Organization, all the way to Turkey. Mr. González, unlike Greece's of-

ten difficult prime minister, Andreas Papandreou, likes the American pres-ence, but many of his people do nor Opinion polls show that a substant majority of Spaniards find the Umted States an equal or greater threat to-world peace than the Soviet Union.

Isolated for nearly 200 years behind the Pyrenees, neutral in both world wars, the Spaniards were never a beneficiary of the Marshall Plan, oever an East-West actor. The bases were established in 1953 as a real estate deal with Franco, giving them an added political odor that lingers. Spain has changed extraordinarily in the past decade, emerging as a solid

democracy and, in a historical return to the mainstream West, joining the European Community last year. But while there is no visceral anti-Americanism, old attitudes about neutrality and the bases remain on right and left.

Mr. González once opposed the bases, as he opposed the joining of NATO in 1981. He switched views in office and, in a brave uphill campaign, won approval of NATO. The victory was vital for the West, not least be cause Spain sits on the Strait of Gibbraltar, is demographically young and was a price. To guarantee its passage, the referendum question added that Spain would stay outside NATO's military command and that the 13,000 U.S. troops here would be cut back.

Whether that cut had to include the 401st can be argued. The Spaniards thought that the fighter wing was un-important to Western defenses and that America would not strennously complain. They were wrong. But any reversal now would mean political up-heaval. It could break Mr. González's young Socialist Party, and reverse the nation's shaky consensus on NATO.

The 401st probably will be forced to withdraw to the United States, depriving NATO of critical forward deployment. But moving to countries such as Portugal or Italy would be costly and raise political problems.

Still, much of the loss can be re-

placed. Spain is in the midst of receiving a wing of 72 F-18s, a comparable plane to the F-16. NATO analysis; say the Spaniards could be trained in to NATO standards and take over much of the American mission. West European leaders are already pressing the Spaniards to think of the

greater interest. But the Spaniards are

dangerously proposing that Spain's only military duty be to protect Spanish territory, ignoring the all-for-one one-for-all essence of NATO. Anyway, once a war got to Spain, it would be too late for Spain as well. The idea of forming a purely West European defense — that is, NATO without the United States and Canada — is popular in Spain. For Mr. González to find a domestically saleable formula to contribute to Europe by replacing the 401st would not take much imagination. It is the stuff of leadership. As Mr. Gonzalez himself

The writer, a former foreign contests spondent for The New York Times 25. working on a book about Spain.

West comes responsibility.

has said, with membership in the

#### Mitterrand, Vital at 71, Sails On Serenely Toward '88 By Jim Hoagland

PARIS — The most important event of France's presidential campaign occurs today, two months before electioneering starts in earnest: François Mitterrand turns 71.

Only his advanced age is likely to keep the incumbent French president from seeking, and winning, a second seven-year mandate. My sense is that after long hesitation Mr. Mitterrand has decided to run and the election will turn on the electorate's view of his ability to finish a new term. He will not announce that decision

until February. But as the signs of his candidacy multiply, his health and alertness will come under the kind of scrutiny that was applied to Ronald Reagan, another septuagenarian lead-er who won re-election, back in 1984.

Mr. Mitterrand does not seem to be burdened by his age in the way Mr. Reagan often does. He has just returned from barnstorming trips across South America and West Germany, where his vitality and agility astonished friend and foe alike. His perceived victory over what de Gaulle once called the "shipwreck of old age" belps him float effortlessly

above his rivals in the opinion polls. But French voters are keenly aware that in the 29-year history of the Fifth Republic, no president has finished a second term. De Gaulle resigned, Georges Pompidou died in office, Valery Giscard d'Estaing was defeated. These are bardly propitions omens for François Mitterrand.

Neither is the ragged ending that the Reagan presidency risks today. Mr. Mitterrand's advisers have long feared that his standing could suffer if the 76-year-old American leader were to "go ga-ga," as one aide put it months ago, at the end of his term. As the Democrats found out against Mr. Reagan in 1984, age is not a

successful attack issue. Only the men-tal lapses or visible frailty of the older candidate can make age a swing factor. Mr. Reagan showed that it can be quickly overcome if handled well.

He regretted this, he said, since be President Mitterrand's conservative opponents appear to have come to the same conclusion. A few

dropped it when their comments drew more ridicule than support. In a televised interview, Mr. Mit-

tioning their arms control policies. Two dominant factors are pulling

terrand recalled that it was the conservatives who had failed to renew the license of a television channel

He regretted this, he said, since be enjoyed rock music himself. Known as the Florentine because of his ability to maneuver in the shadows, months ago, they publicly rattled the specter of a doddering Mitterrand game in the ambiguous situation creamable to rule if elected, but quickly in the National Assembly elections last year. He has turned the party defeat into personal advantage by redefining the presidency into part su-

per-statesman, part national referee. Many expected Mr. Mitterrand to be eclipsed by Jacques Chirac, 54, the dynamic and resourceful conservative prime minister forced on Mr. Mitterrand by the elections. The president's formal powers are limited by the constinution to oversight of foreign affairs and defense. But Mr. Mitterrand has nimbly used those powers to rebuild his image. As he demonstrated again last week with a state visit to Bonn, he has taken control of the vital French-German relationship, an electoral asset here. He has been totally supportive of Chancellor Helmut Kohl while Mr. Chirac has angered Mr. Kohl and others in Bonn by ques-

Mr. Mitterrand into a new campaign despite his desire to retire and write his memoirs. One is the collapse of the Socialists, who appear unable to win or even run a serious campaign if he is not the candidate. Second is the president's growing animosity toward Mr. Chirac, who

rand appears to friends to be commit-ted to blocking Mr. Chirac's run for the presidency, whatever the cost.

Many expect Mr. Mitterrand to tackle the age issue by proposing to shorten the presidential term to five years. My

information is that he will leave this ambiguous in the campaign, just as he will cloak his plans for constructing a new parliamentary majority. Ambiguity is to François Mitter-rand what the briar patch was to Br er Rabbit. He is comfortable in it,

and turns it to his advantage. It is a talent that clearly improves with age. The Washington Post.

#### 100, 75 AND 50 YEARS AGO

1887: Bedeviled Science

PARIS - The most curious feature of the annual celebration of the Five Academies [on Oct. 25] was the con-tribution of M. Garnier, the architect of the Opera House, who, apropos of
"Art and Progress," read one of the
most hot-headed attacks on modern science ever written. M. Garnier has a very low opinion of telephones, and thinks that phonographs and steam are sending art to the devil. The only bope be sees is in a social cataclysm which, sweeping away the degenerate art and science of today, will pave the way for a new civilization, sans lady tailors, chromos, mechanical organs, and like abominations.

#### 1912: Rebels Executed

NEW YORK - A telegram from Vera Cruz states that two of the rebel officers captured there after the reocwill run in the election next spring.
Their relations, once cordial, have soured to the point that Mr. Mittercupation of the town were shot by Federal troops [Oct. 24]. They were sentenced to death by court-martial.

MEXICO CITY - President Francisco Madero has decided to spare the life of General Felix Diaz, leader of the rebellion, but has passed upon him sentence of solitary confinement.

1937: Blame Wall Street LONDON — Responsibility for the

recent Wall Street break was annihit ed to bankers and brokers by Robert W. Bingham, American Ambassadot. to the Court of St. James. "What do." you think would happen in this country if a number of prominent bankers and brokers went about saying that the government was going to break Mr. Bingham asked. The effect

would be the same as it was in the United States. The people in Wall Street opposed the President at the issued election, and have opposed him ever since. Now they are supefied them selves at the way the market shumps.

It was their own fault. The banks

Fluctuati Left the P

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their each to the president market By the same the Just benchmark rates on ment recordies were sharply Taking just ample, the U.S. Frease vent hand nelded at 10.45 percent and as NATS percent. At the percenti Fire a market where ered large, gyrations enterna (28)

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FROM BULLET TRAINS

# To Rehard School Fluctuating Interest Rates By Carl Gewirtz International Herald Tribune International Herald Tribune

ARIS — A sharp, sudden drop in interest rates normally can be counted on to delight bond markets. But last week's unprecedented volatility proved to be more of a week's imprecemented volatility proved to be more of a nightmare. Initially, as stock prices began collapsing, bond prices also tumbled, sending yields sharply higher. Then the central banks stepped in to do what they are supposed to, pumping liquidity into the banking system and trying to spread calm by assuring markets that cash was amply available at everlower rates of interest

Next, there was the impact from investors who, having dumped their share holdings, moved

"The heart of the

markets. Damage

capitalist system is its

their cash to the presumed safety of government bond

markets. By the time the dust settled. benchmark rates on government securities were down sharply. Taking just one ex-smple, the U.S. Treasury's 30-year bond yielded as much as

to them can only be harmful." 8.875 percent. At the close of trading Priday it stood at 9.10

For a market where traditionally a 1/4-point change was considered arge, gyranions of last week's magnitude were considered

As benchmark bond yields at first rose, professional dealers moved to protect the value of the paper they held in inventory by selling interest rate futures — thereby hoping to profit from any further drop in price and rise in yield.

The chaos in all markets made it difficult, even for professionate the futures market. But no sooner had that been

als, to enter the futures market. But no sooner had that been achieved, then interest rates started falling, pushing bond prices back up and yields down. Traders then scrambled to undo their tack up and yields down. Traders then scrambled to undo men loss-making sales, trying desperately to buy futures in the hope that the profit on these would erase the losses on the earlier sales.

The volatility of bond prices numbed investors buying from dealers. For the most part they were simply spectators who, by the end of the week, had profited from the upheavals.

PINIONS VARY on what damage stock and bond markets may suffer from such exaggerated price movements. Rimmer de Vries, an economist at Morgan Guaranty Trust, expressed "concern about the stability of markets and the possibility of lasting damage to the proper functioning of markets," he said.

"The heart of the capitalist system is its markets," he said.

"Damage to them can only be harmful."

"His fear is that, if investors view the markets as a casino, "they

will become extraordinarily more cautious." A strike by investors would "damage the breadth and depth of markets," he believes,

would damage the breath and deplit of markets, which would reduce liquidity and ultimately, stability.

Even Salomon Brothers, which at its core is a trading house and makes its money out of volatility, found last week's experience jolting. Charles S. McVeigh 3d, managing director in London don, said that the chaotic volatility and major disruptions were good for no one."

But Peter Wilmot-Sitwell, co-chairman of Warburg Securities, took a more relaxed view. Acknowledging that the volatility was "unusual and difficult to cope with," he said it was "characteristic of the end of a bear market." It is "too early to say, but yes, if it

of the end of a bear market." It is "too early to say, but yes, if it goes on I could see permanent damage."

Fritz Lutoif; general manager of Swiss Bank Corp., said that "in today's environment, volatility is something you have got to expect. Markets are reacting to imbalances in the world which sooner or later call for a reaction. What worries me about the volatility is the consequences it could have on the real economy."

Others, including Hand-Joerg Rudloff of Credit-Spisse First

Others, including Hans-Joerg Rudloff of Credit-Suisse First Boston, found comfort that whatever else was happening "markets remained liquid."

That was not the case for Japanese equity warrants. A number of investment banks active in that sector just stopped quoting

prices.

But Amir Eilon of Morgan Stanley, which claims a 30 percent share of that market niche, insisted that the market was still functioning. He acknowledged there was less willingness to quote prices to other market makers and that spreads between bidasked prices quoted among professionals had widened to 1½ points from the normal ¼ point. But spreads for genuine clients were nuchanged, he said.

were unchanged, he said.

Meanwhile, the four equity-linked issues scheduled to have been priced last week were withdrawn. These included: Hokkai Can's \$80 million issue, Intec's \$100 million, Keio Teito Electric Railways' \$100 million and Matsuyadenki's \$30 million.

The most controversial action last week was the decision by Merrill Lynch to cancel the three convertible bonds from Bell Resources. The three issues, launched simultaneously on Oct. 7. See EUROBONDS, Page 9

#### **Currency Rates**

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Last Week's Markets

# All figures are as of close of trading Friday

40					
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D. Tren	rs. 749,60	941.65 - 20.4%	Prime rate	7	74-74
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# Unlike '29, Acceptable Behavior Includes Bragging

By Andrew Feinberg New York Times Service

Believing that fundamental conditions of the country are sound and that there is nothing in the business situation to warrant the destruction of values that has taken place in the exchanges during the past week, my son and I have for some days been purchasing sound common stocks. We are continuing our purchases in substantial amounts at levels which we believe represent sound investment values.
— John D. Rockefeller Sr., Oct. 30, 1929

NEW YORK - If Rockefeller bad been a prominent financier

today, it is doubtful be would have made this reassuring statement without also informing the public that he bad had the foresight to liquidate his holdings a month or two before the market collapsed.

Last week, as the Dow went into a free-fall, "I got out at the top" was uttered, in various forms and with varying degrees of credibility, by men such as Donald J. Trump, T. Boone Pickens Jr. and Carl C.

The tendency of some of today's well-known investors to brag about their Street smarts after a stock market debacle is just one difference between the business community's public response to October 1987 and its reaction to October 1929,

Unlike their predecessors in the 1920s, who did not really believe that emergency government measures could help, the "free market" businessmen of the 1980s are calling for Washington to inter-

'It is remarkable

crashed on

that when the market

when to stabilize the markets.

What's more, they admit that
the economy is not in perfect
shape and that major efforts
bave to be made to reduce the
U.S. budget and trade deficits.

Monday, no one The response of America's fiowned any stocks.' nancial community is not entirely different this time around. Now, as before, bro-

kers are rushing to craft new ads assuring investors that bargains still "At Merrill Lynch, we're still bullish on America," said William A.

Schreyer, the brokerage's chairman, in a TV commercial.

James Grant, editor of Grant's Interest Rate Observer, a market newsletter, said, "Once again, we're seeing an attempt at organized support and an insistence by leaders that the performance of the stock market is separate and distinct from the performance of the economy." But the differences this time around are significant, and some of them seem to reveal a great deal about what constitutes acceptable behavior in the 1980s.

Amid the rubble of last week's collapse, prominent investors talked of takeover possibilities, trading coups, their chances for personal

"After selling everything in August and September, I got back in this Tuesday," Mr. Trump said. "I sold on Wednesday afternoon. I made about 20 percent." The market posted record advances on Tuesday and Wednesday, before falling sharply again on Thursday. It is unlikely that anyone as prominent as Mr. Trump would have uttered such words in October 1929, At the time of the Crash, few

people boasted about their stock market prescience. The magnitude of the calamity helped silence them, but so did their remarkably enduring faith that the bull market was not over. Only later did financiers like Joseph P. Kennedy and Bernard Baruch imply that they had brilliantly averted disaster and, perhaps,

When speaking to the public initially, the financial elite, who often rigged the market mercilessly before the Crash, sounded more philanthropic, Julius Rosenwald, the chairman of department store Sears, Roebuck, promised in October 1929 to guarantee the stock market accounts of more than 40,000 Sears employees.

Mr. Trump, a developer, probably will not be making good any-

See COMPARISON, Page 13







#### **Banks Fear Deregulation Setback**

By Kathleen Day Washington Part Service
WASHINGTON — Out of
the wreckage of the 1929 stock
market crash came a law designed to keep the nation's surviving banks far away from what

was perceived as the dangerous

speculative swamp of Wall But Wall Street's lure has proved irresistible to bankers and they and many of their regulators have come close to convincing Congress that the 1933 Glass-Steagall Act, which keeps banks from engaging in most forms of securities underwriting.

was out of date. Then came Monday's market

collapse and a week of unprecedenied turmoil, For bankers, the timing could not bave been

"This is clearly a sobering event to be considered" when members of Congress start to debate the advisability of conferring securities powers on banks, said the House Banking Com-mittee's chairman, Fernand J. St Germain, a Democrat of Rhode

Bankers' worst fears are that Congress will extend indefinitely a freeze that it imposed last summer that restricts banks' entry into securities activities until to give itself more time to consider deregulation.

A congressional aide said that the Senate Banking Committee's chairman, William D. Proxime. a Democrat of Wisconsin, has decided to delay for several weeks the introduction of a bill to amend Glass-Steagall, saying problem" to consider such legislation so soon after the market plunge.

Even the staunchest backers of deregulation agree that the market plunge could renew fears concerning the potential con-flicts of interest between those See BANKS, Page 9

#### **BP** Issue: Big Loss Is Feared

Price Fall Leaves U.K. Guarantors Out on a Limb

International Herald Technic

LONDON - The £7.2 billion (\$12 billion) government offer of Brush Petroleum Co, shares due to come to market this week will almost certainly have to be taken up by underwriters at a loss because o the sharp fall in BP's share price. according to financial analysis here.

Fortunately for the government, but not for the underwriters who bave guaranteed it, the issue was priced at 350 pence on Oct. 15, just days before last week's worldwide stock pame began Although the full extent of any potential underwriting loss is unlikely to be known for some time, the indicated aggregate loss based on Friday's close of 287 pence and the underwriters' total exposure is more than £400 million

Underwriters are known to be pressing for a delay in the issue, but the chancellor of the Exchequer, Nigel Lawson, has said repeatedly that

it would proceed. At the same time, in a taot admission that the floration is likely to be a flop, the government has halted a massive advertising campaign for it

"If they halt the issue, it will lay them open to accusations that they are helping the underwriters avoid buying the shares," one analyst said. "On the other hand, going ahead still means it will be a failure in terms of selling it to the small share-

The government could still call off the sale this week, although the feeling among analysts is that it would take another major plunge in stock prices for Mr. Lawson to decide upon that course.

In that case, the government would have to act in order to save underwriters from taking losses that could seriously damage their financial positions.

Analysis note, however, that there are a number of reasons why the underwriters, who are committed to buying I billion shares, will not feel See BP, Page 14

#### **Sell-Off Overshadows** Big Bang Anniversary

#### But Even Without London's Plunge, The Birthday Message Is: Cut Back

By Warren Getler

even profited from it.

International Herald Tribune
LONDON — The Big Bang, or
sweeping deregulation of London's
financial markets, will be one year old on Tuesday. But the mood here is anything but celebratory.

After the massive sell-off of

shares last week, retrenchment is expected to accelerate in London's financial district, transforming the Big Bang into the Big Bust for many in the securities industry.

"One year after Big Bang, there's blood on the floor; we had expect-ed it much earlier," said Geoffrey Redman-Brown, a director at Phillips & Drew, a leading London bro-

kerage firm.
About £102 billion (\$170.9 billion) of the London stock market's value was crased in last week's roller-coaster trading. The FTSE 100-share index plunged by 506.7 points, or 22 percent, for the week.

"The honeymoon that followed the start of the new marketplace here is over," Mr. Redman-Brown said. "No doubt, the collapse of shares worldwide has brought into sharper focus the risks and rewards

of the London market."
But bankers singing the Big Bang
blues are unlikely to elicit widespread sympathy in Britain, where the average annual salary is about £12,000 and more than 2.77 million

people are unemployed.

The highest-paid executive last year in the City, London's square-mile financial district, was Christopher Heath, a 41-year-old executive with the British merchant bank Baring Brothers & Co. He earned £2.5 million.

At Sweetings, a popular seafood restaurant and watering hole near the Bank of England, brokers talk mainly about survival and the need to maintain a stiff upper lip amid

new uncertainties.

These youngsters, who came to work in the City and who have made a lot of money in a very short time, have never known a bear market," said Arthur Woolgar, 40, a director of the London-based commodity trading house. "These are the guys who could be burt in a couple of weeks' time," when firms have assessed the damages.

Yet, as one of those youngsters retorted Friday over the perennial din in Sweetings: "Look, I'd be more concerned if I were 45 and had to put my kids through school. I've been in the market for just 10 months. We've had good fun and learned a lot. O.K., if we lose our jobs, we can pick up the pieces." Omens of a market crunch were

always in evidence. A mood of uncertainty, if not outright gloom, had crept into trading rooms at

London's big banks and securities bouses even before last week's market upset.

On Oct. 12, 320 London employces of two major U.S. banks operating in Britain were flatly told that they had lost their jobs. The parent companies, hit by depressed prices in the U.S. bond market, had decided to eliminate overseas operations that were not deemed essential. Salomon Brothers Inc., the big

150 of its 890 jobs in London. Chemical New York Corp. shed 170 of the 950 employees on its British staff, including many in its Eurobond trading division.

British banks that scrambled to

expand their staffs last year in preparation for Big Bang also have been forced to cut back. But they have done so in less dramatic fashion, stopping short of mass summa-ry dismissals. There had to be a rationaliza-

non process," said Gary Klesch, See BANG, Page 14

#### Tokyo Stocks Up On Saturday's Half-Day Session

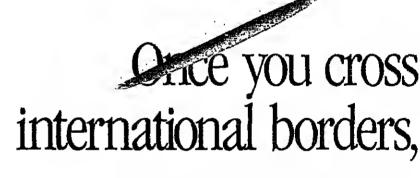
TOKYO — Prices on the To-kyo Stock Exchange closed higher during Saturday's half-day session, but were sbarply off their peaks, dealers said. The rise followed Wall Street's steadier tone on Friday, but traders said shares were ham-

pered by a weaker U.S. dollar. The Nikkei index closed 97.56 yen higher at 23,298.78, sharply off the 23,592.88 level reached in early trading. On Friday, the average lost 1,203.23 yen to 23,201.22.

The market will be volatile next week, brokers said. Once again Tokyo will be looking to Wall Street for its leads.

"Without another major col-lapse on Wall Street, Tokyo will be reasonably resilient in the near future, and we will see a movement toward stocks relating to the domestic sector, such as real estate and construction," said Christopher Mitchinson, a director at Salomon Brothers.

However, Ichiro Sawasaki, a director at Yamaichi Securities Co., said: "Until we see a sound recovery in New York, we won't



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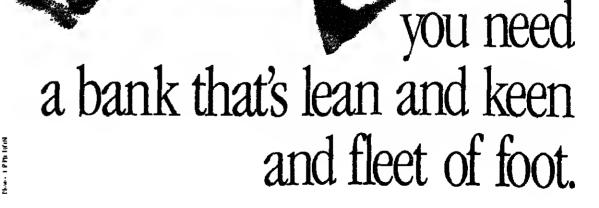
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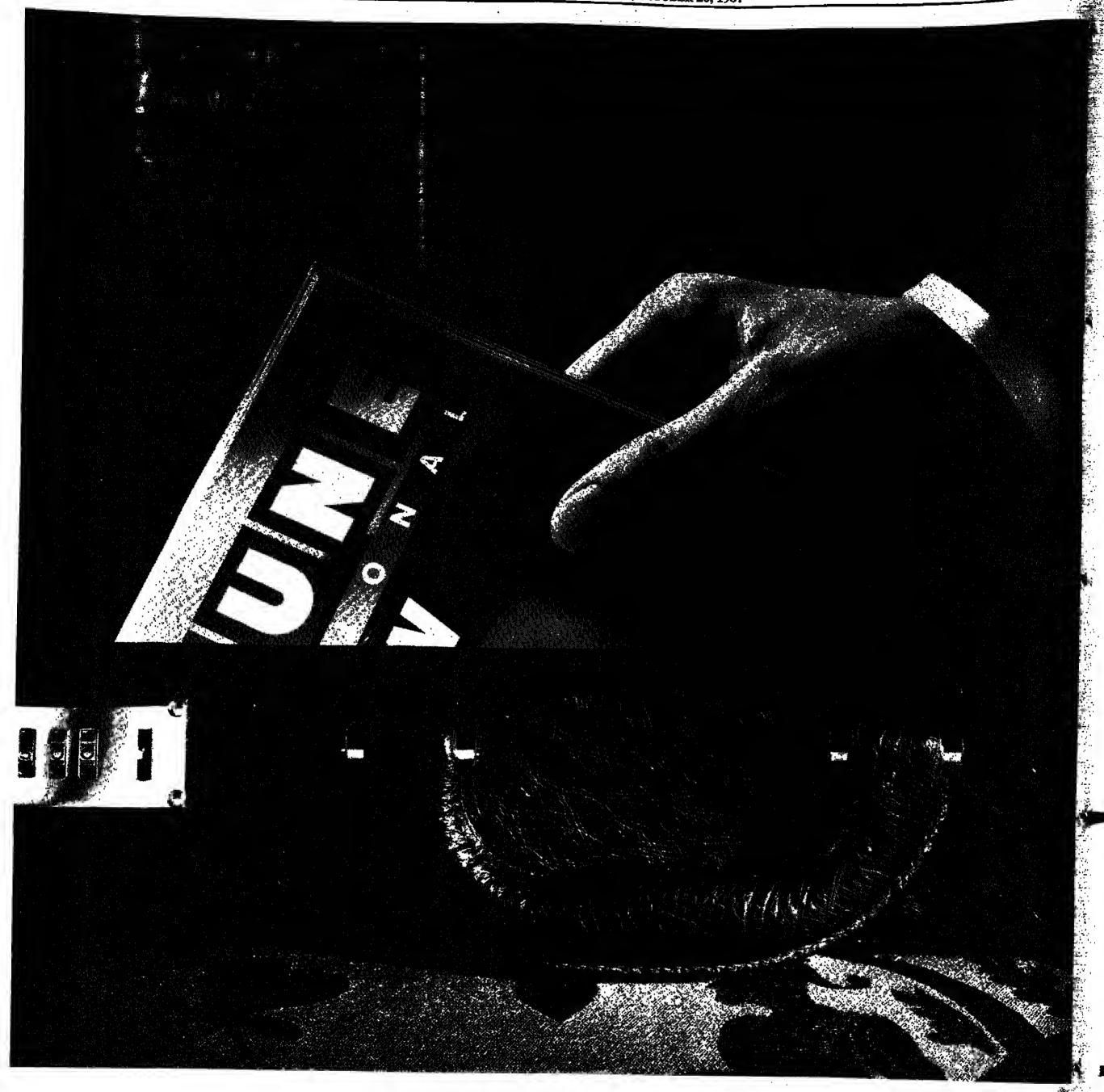
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orporations.

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That's called journalism. And it's what

makes Fortune the one-of-a-kind maga-zine it is. For readers. And advertisers.

#### Turmoil Could Be

FIXED-COUPON

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EQUITY-LINKED

Be Carl Gewirtz, in mail of Hierate Training PARIS - | ast week a testa francial merkets can only gan husings pank manage

bend and dock markets of unreceptive to the sale of ner money back to the health. and time, borrowing costs & Islame of hunness pecks see. But it may be mevitable se Brendan Brown of Co

INTERNATIONAL "investors, wated at the pa mequity markets and the side industry, might reduce when many for deposits — parties in offshore centers — and make their stamped. in equity markets and the their demand for first con

40 percent of the syndicated of market - were being forced to higher returns on loans because the new rules on capital requ ments expected to emerge by y

#### **EUROBON**

shares of Broken Hill Ptv. at pranging from 12.36 to 12.56 iralian dollars, premiums of s slock price down to 7.90 dol All times issues carried "put aving holders the choice to red the bonds after six years for and assuring yields, then equi

those pre-ailing in domestic ernment paper, of 10 percent on U.S. dollar bond, 10.48 percent the sterling issue and 12.56 per on the Australian dollar per Last week's declines in inte fales make these put options i The final terms on the bo

BANKS: Coll

#### Continued from first finance p

who lend money, the commen banks, and those who buy and securities on behalf of borrow

investment bankers. The comptroller of the current Robert Clarke, chief regulator nationally chartered banks, a Undoubtedly, there are going be more resulting the current banks. he more ones from opponents deregulation. It will just meter harder to educate people."

The underlying conditions of proved technology and increase competition that have forced bar to seek new powers remain r changed bankers argue Many p ponents of bank deregulation is: that in the long run the full effect the market's plunge could prove

boon to their cause.

Richard M. Whiting, gene counsel of the Association of Be Holding Companies, said that a marrie between Counsel hand shown "that a marrie between Counsel hand in the land of th between commercial banking a investment banking has nothing do with the ups and downs of I "Even if the combination

Düsseldorf, (0211) 80511; Geneva, (22) 50 13 30; Lisbon, (19) 573-589; London, (01) 499-4080; Madrid, (1) 413-9457; Milan, (02) 869-3545; Paris, (1) 4359-0539; Stockholm, (8) 21 95 85; Hong Kong, (5) 273525; Seoul, (2) 267-8152; Tokyo, (03) 270-6633; Sydney, (02) 412-3918; New York, (212) 522-2394.

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Issuer	Amount (millions)	Mat.	Coup.	Price	Price end week	Terms
FLOATING RATE NO	OTES		_			
Sprint #	\$ 35	1992	0.20	100.10	_	Over 6-month Libor. Noncollable. Fees 0.15%. Denominations \$100,000.
Wings 2	\$ 37.5	1992	1/4	100.05	99.88	Over 6-month Libor, Noncollable, Fees 0.10%. Denominations \$100,000.
Bectricité de France	Y 15,000	1994	1/16	100	_	Over 6-month Libor. Callable at par in 1989. Fees 0.257. Denominations 10 million yen.
FIXED-COUPON				_		
Bardays Bank Finance	\$200	1989	101/4	1011/4	1021/4	Noncollable, Fees 11/2. Denominators \$10,000.
European investment Bank	m. 100,000	1993	12	100	_	Callable or 101½ m 1991. Fees 1%%,
DNC Finance Int'l	· C\$ 50	1989	111/4	112%	-	Noncelloble. Each \$10,000 band with one warrant to buy \$2,700 with starting at a fixed exchange rate to be set Nov 5. Fees 11/16.
Eurofima	C\$ 75	1990	10%	112.98	111.11	Noncolfable. Also 7,500 warrants, exercisable on Oct. 20 1988, to sell U.S. dollars for sterling at a fixed exchange rate of \$1,659 per pound.
Wings 1	Aus\$ 129	1996	8 11/16	100.96	_	Noncollable. Payable in U.S. dollars and redeemable in No and Aus. dollars, sterling and Deutsche marks. Fees 2% Denominations Aus\$1 million.
Centrust Savings Bank	Y 2,700	1992	-6	101%		Noncolloble, Fees 197%, Denominations 20 million yen.
Centrust Savings Bank	Y 4,000	1994	51/4	101%	-	Redesmoble and collable at par in 1992. Fees 1%%, Denominations 20 million year.
Skop Bank	y 5,000	1992	3	100%	_	Coupon will be 3% until 1989, rising to 7.7% thereafter. Fee 11%%. Denominations 100 million yes.
EQUITY-LINKED						
Avis	£ 50	2002	51/4	100	94.00	Redeemable at 143¼ in 1993 to yield 10%%. Convertible into Avis Europe PLC shares at 447 pence per share, a 37% committee Face 74%.

There was no evidence of this

affecting business yet, but bankers said that last week's facility for

Lafarge-Coppee was likely to be

the last of the low-cost business to

The French company is seeking a five-year facility of 450 million Eu-

ropean currency units. The draw-

ing options include domestic

francs, which means the facility is

really open only to banks operating

The annual facility fee is 4 basis

points, matching what Aerospa-

tiale paid for a seven-year facility

earlier this year. The charges to draw on the facility are 10 basis

points over the London interbank

offered rate to draw francs, and

In addition, Lafarge-Coppes will pay utilization fees of 3 basis points for drawing up to half the amount

and 6 basis points for more than that. Front-end fees range up to 6

basis for an underwriting of 30 mil-

terms on a loan of \$150 million.

National Bank of Canada's Lon-

lion Euro-certificate of deposit pro-

gram with an option to issue paper

in sterling. Dealers are Morgan

Elsewhere in the dollar market,

lion ECU.

Libor flat for Eurocurrencies.

hit the market.

#### Rilwanu Lukman, president of the Or- see until the stock market stabilizes. Our demand and supply situation. Other conganization of Petroleum Exporting Countries and Nigerio's oil minister, has a difficult task ahead. At a time of turbulence on world financial markets

turbulence on world financial markets and persistent tensions in the Gulf, he has been preparing the ground for OPEC's next full conference, in Vienna in December. He ocknowledges that debate at the meeting, which will attempt to fix a new reference price for crude oil contracts and new production quotas among OPEC members, may be "very heated." But Mr. Lukman's diplomacy has won praise from all sides, particularty in an environment of growing friction between two OPEC members, Saudi

Arabia and Iran On Friday, Mr. Lukman delivered the keynote address to the eighth annual Oil & Money Conference in London, sponsored by the International Herald Tribune and Oil Daily. At the conference, he spoke with the IHT's London correspondent, Warren Getler.

Q: How is the recent sell-off on global stock markets likely in affect OPEC's pricing decision at the next plenary meeting in

A: I think it's premature to start talking about how events in the stock market are going to affect [oil] prices because one doesn't quite know bow far this is going to go or for bow long. We'll have to wait and prices. Of course this is not all due to a

#### MONDAY O&A

the system that will blow over. We'll have to piteb our production levels in accordance with the emerging scenario as we understand it.

Q: You have said that some OPEC members would like to see a price hike of \$1 to 52 a barrel above the current average of \$18 a barrel. You have also said that OPEC in December might "adjust" prices to between \$19 and \$20 a barrel to compensate for the depreciation of the dollar, the cur-rency in which oil is priced. Where would you like to see the price fixed at the Decem-

her meeting?

A: I first would like to look at the arithmetic more closely, see what in fact has happened to the dollar and what inflation there has been over the last 12 months.

Q: Do you think \$20 a barrel is realistic, that is, sustainable? And if it were, at what level would OPEC have to impose a production ceiling?

A: I'll be prepared to talk about \$20 a barrel. At a time when the average price of a barrel was around that level, production

financial markets, we'll have to work out a new scenario for what we think will be demand for OPEC oil in 1988. You can't pitch your price at any level irrespective of demand unless you are prepared to go very heavily down on your production. If the price were set at \$20, production would unlikely be above 19 million barrels per

Q: OPEC agreed in June in impose a pro-duction ceiling of 16.6 million barrels a day for the second half of 1987. At what level is OPEC producing now, and are certain OPEC members still "cheating" by exceeding their quotas?

A: Production in October is at least 17.5 to 18 million barrels a day. We've recently gone around the Gulf States and they've given us assurance that they're cooperating. We know that production in the Gulf has gone down. We want to keep production in the fourth quarter below 18 million

Q: Do you have any reason to believe that Saudi Arabia has been discounting the sale of its crude below official OPEC prices? A: We've seen in the papers, in the press, that people are accusing Saudi Arabia of discounting I believe that Saudi Arabians would not do that. They've stuck by the agreement, they've been one of the most

OPEC Leader Sees New Difficulties in Setting Pact if they were even thinking about it.

Q: Given the flare-up involving Iranian pilgrims in Mecca this summer and the attack Friday on a Kuwain oil refinery. presumed in be the work of an Iranian Silkworm missile, do you think it will be possible in December to forge an agreement involving the Saudis. Kuwaitis and Iraqis on one hand and the Iranians on the other?

A: We'll try. We have been able to fashion out agreements in spite of differences, in spite of the war. Of course, the situation is getting a bit worse from that point of view. With the event in Mecca, with the attack on the lean oil electory, with the subsequent the Iran oil platform, with the subsequent attack on Kuwait, things will be more difficult than they were before.

Q: What do you foresee as the most diffi-cult issues ahead at Vienna?

A: Price, obviously. The second one is, of course, the production quota business. How are we going to bring Iraq back into an agreement, with a quota that it will accept and that will be acceptable to all members of OPEC, including Iran. How are we going to be sure that people are going to comply with these quotas. These will be the major issues.

Q: You're not a betting man, but would you be willing in wager that the price of OPEC crude will be set above \$18 a barrel in December?

ardent supporters of the agreement. I'm A: I'm forbidden to gamble, I'm a Moslem.

#### **Turmoil in the Markets Could Benefit Lenders**

By Carl Gewirtz

ional Herald Tribune PARIS - Last week's turmoil in financial markets can only mean good things for the international pan business, bank managers re-

They expect a period where both bond and stock markets will be unreceptive to the sale of new paper, driving companies who want money back to the banks. At the same time, borrowing costs are ex-pected to rise. That's likely if the volume of business pieks up.

But it may be inevitable regardless of what happens to volume. Brendan Brown of County NatWest Bank said last week that

#### INTERNATIONAL CREDIT investors, scared at the possibility

of losses at banks heavily involved in equity markets and the securities industry, might reduce their demand for deposits - particularly in offsbore centers --- and increase their demand for first quality bonds, especially U.S. Treasury bonds and bills."

In addition, be said that the interbank market might witness "a reduced willingness to lend to Japanese banks, who are, in aggregate, large net borrowers to the Eurodollar, given their perceived risk exposure to the Tokyo equity market." Regardless of what happens to

the banks' cost of money, those who lost money in the debacle to financial markets will be searching for higher returns than previously prevailing in the credit market.

Even before last week's crash, bankers say Japanese banks which are estimated to account for 40 percent of the syndicated credit market - were being forced to seek higher returns on loans because of the new rules on capital requirements expected to emerge by year-

#### China, Soviet To Take Part in Eurotunnel Loan

Compiled by Our Staff From Dispatches LONDON — China and the Soviet Union will lend a total of £105 million (\$173 million) to the British-French consortium that is planning to build a tun-nel beneath the English Channel, a spokesman for Eurotunnel said.

The Moscow Narodny Bank is expected to put in £65 million and the Bank of China and China's Citic Industrial Bank are expected to lend £40 million, the spokesman for the group

said Saturday. Eurotunnel plans to raise £5 billion of the £6 billion cost of the tunnel from 198 banks. The banks' underwriting agreements will be conditional on the consortium raising £750 million next month to a share issue. Analysts say the issue could be jeopardized by last week's

stock market collapse.

Bankers also report that OTE, for Mountleigh Group. The propthe Greek state-owned telecom- erty company's two-year facility munications agency, is seeking can be extended to five years, at the option of the lenders. Interest during the first year is set at 1/2 point over Libor and thereafter at %

don branch has set up a \$500 mil- point. Mountleigh will pay 4 percent on undrawn amounts as well as picking up the reserve asset costs of Orient Leasing (Caribbean)

N.V., a unit of Orient Leasing of

Japan, bas appointed the least of the loan.

Leeds & Holbert of the loan. lenders. It is estimated that this will

Japan, bas appointed Morgan building society named First Chi-Guaranty, Morgan Stanley, Coun- cago to arrange a £30 million, fivery NatWest and Swiss Bank Corp. year loan. Interest is set at 18 basis to place up to \$100 million of Euro-points over Libor and the commit-

CP. Sanwa Bank will guarantee one program of \$60 million and the remainder will carry the guarantee of the Industrial Bank of Japan.

ment fee is 6½ basis points.

Mo Och Domsjo AB, the Swedish paper company known as Mo Do, appointed Warburg to ar-In the sterling market, Citibank range an uncommitted bankers' acis syndicating a £200 million credit ceptances facility.

#### HONG KONG: Rescue Is Set for Futures Exchange

(Continued from Page 1)

tributable to the highly speculative nature of stock trading in the territo-The rescue package is made up

of \$128 million from local brokers and the guarantors of the futures market, and an equal contribution from the government. The funds are to be used to support contracts on which long investors either default or delay payments. The plan also calls for new charges on trans-actions in both the stock market and the futures exchange.

The package was developed in a Monday's session.

The Hang Seng ended the last trading session at 3,362.39, a drop substantial number of long futures of 420.81 points from its previous

The fall meant that "long" tovesdex to continue an extended upward climb, would have to cover positions in the futures market that had been opened on margins of only 8 percent to 10 percent of the face value of the contract.

Last Thursday the government appointed Hambros Bank Ltd., a London merchant bank, to assist in developing a rescue plan.

Although the plan has been generally well received by market ana- fund investment firm. lysis, stocks are still expected to stantial redemption orders. It will be the first opportunity for

investors in Hong Kong to react to the turnult io global equities mar-"They did all the r kets last week. Accordingly, most analysts anticipate a record plunge

"As far as prices are concerned.

Daily volume in the Hang Seng contract is about 20,000 and each contract is about 20,000 and each made it worse," said Marc Faber, contract is about 20,000 and eating managing director in Hong Kong Hong Kong dollars (\$23,060).

for Drexel Burnham Lambert Given the relative size of the (H.K.) Ltd. "Closing the market Hong Kong market, which was

means it will now reopen and shoot capitalized before last Monday's Chicago. Their growth is partly attributable to the highly sacrulation have if it remained open."

much further down than it would slide at roughly \$80 billion, one-tributable to the highly sacrulation have if it remained open." York, the contract has been unusu

Last week, exchange officials as-serted that the trading in stocks and futures was halted to protect small investors and to allow the ally active.
There are currently about 37,500 open contracts in the futures exshare market to clear a backlog of change. Based on last Monday's orders that resulted from unexpectelosing Hang Seng index, the total edly heavy volume last Monday. value of these contracts is roughly \$800 million to \$1 billion. The potential losses are large,

Nooetheless, the four-day shut-down, during which global stock trading was in chaos, has drawn since each one-point movement on the share index alters the value of a widespread local criticism and led many foreign investors to question contract by about \$6.25. A drop of 1,000 points would mean losses of about \$237 million for long investhe credibility of Hong Kong's as a tors and corresponding gains for those who were "short," expecting

major financial centers.

Many market observers believe series of emergency meetings the move which has been vigorous-among government officials, inde-ly defended by Ronald Li, the stock pendent advisers, market execu-exchange's chairman and vice ives and prominent investors. The chairman of the futures exchange, plan was viewed widely as essential was taken to save influential invesif the markets were to lift the sus- tors and local brokerages from pension on trading in time for heavy losses on their futures posi-

contracts, resigned Sunday evening as vice chairman of the futures ex-The fall meant that "long" toves-tors, who expected the market in-Kim Cham, the market's chairman, also resigned.

The exchange's ability to regain some of the credibility it has lost now depends on the steps it takes to remedy the shortcomings in the futures market that led to the current debacle, market analysts said.

"In the short run, obviously there's been some damage," said Daniel Gressel, an economist at G.T. Management (Asia) Ltd., a

on Monday from individuals and some long-term benefits for Hong from mutual funds faced with sub-

Analysts were generally optimis-tie that the rescue plan would help

"They did all the right things," one financial executive said. "They

Given the relative size of the

fired the right people, and the patch should bold."

#### It is unclear how many market optimists will now be unable to cover their positions. But the

Most of the short investors are

mutual funds and other large inves-

tors who were hedging positions in the stock market itself. Most of the

long investors were individual

speculators and local entrepreneurs

seeking quick gains on margin in an

overly confident environment.

amount involved in potential defaults is far in excess of the \$3 million in capital and reserves held by the Hong Kong Futures Guarantee Corp., a consortium that backs the exchange. One guarantor of the exchange,

the market to drop.

International Commodities Clearing House Inc., also supports fu-tures markets in the United States, Australia and New Zealand. The others in the consortium are Hong-"But if this leads to the correc- kong & Shanghai Banking Corp. dard Chartered Bank, Credit Lyon-

nais and Chase Manhattan Bank.

#### Schlumberger

THIRD QUARTER EARNINGS

New York, New York, October 20 — Schlumberger Limited announced today net income for the third quarter of \$2 million compared to a loss of \$42 million (14 cents per share for the same period last year. Revenue was \$1.22 hillion, compared to \$1.11 hillion. For the first nine months of 1987, net income was \$37 million (13 cents per share) compared to \$1.61 million (56 cents per share); revenue was \$3.43 hillion compared to \$3.84 hillion. The 1987 third quarter net income of \$2 million includes \$1.52 million (54 The 1967 third quarter net income of \$2 million includes \$13.5 million (79 cents per share) income from continuing operations, \$220 million (79 cents per share) loss from discontinued operations and \$70 million (25 cents per share) entraordinary gain. The 1986 third quarter net loss of \$42 million includes a \$59 million (20 cents per share loss from continuing operations, and \$17 million (6 cents per share) income from discontinued operations. These ligures are explained more fully below.

Continuing Operations

The \$152 million income from continuing operations

The \$152 million income from continuing operations in 1987 includes an unusual \$69 million after-tax gain on the sale of the Company's investment in Companie Luxembourgeoise de Telediffusion. In 1986, the \$59 million loss from continuing operations was due entirely to unusual items primarily including employee termination costs in Oilfield Services, unfavorable leave commitments and the disastinum of a small eleavantic business. nems and the divestime of a small electronics business. Discontinued Operations

The 1987 loss of \$220 million from discontinued operations relates to the completion of the previously announced divestiture of the Fairchild Semiconductor business. In 1986, discontinued operations included \$36 million operating losses at Fairchild Semiconductor, offset by a \$53 million gain from a favorable settlement of litigation with Data General. Extraordinary Item

In July, Sedeo Forex received an award from the Iran-U.S. Claims Tribu which, after taxes and other expenses, amounted to approximately \$70 million. This award arose from Iran's secure of SEDCO, Inc. drilling business in 1979, prior to its acquisition by Schlumberger.

Commenting on the results, Enan Baird, Chairman, indicated that, excludtomening on the results, Entail Dated, Charman, incomes that, extroning unusual items, third quarter income from continuing operations in 1987 was \$83 million compared to break-even in 1986. He stated that the increased income from continuing operations was due to improvements in Oilfield Services, mainly in North America, Latin America and Africa. He added that Oilfield Services revenue of \$558 million was 3% higher on a comparable basis than in the third quarter of 1986 and also gained over the previous quarters this year; 9% over the second quarter and 10% over the linst. Measurement & Systems revenue improved 3%, on a comparable basis, to \$503 million; good results were reported by several units of Schlumberger Industries, notably Electronic Transactions and the electricity, water and gas meter activities; Schlumberger Technologies' Automa Test Equipment and Computer Graphics systems also improved.

#### **EUROBONDS:** Rates Leave the Pros Scrambling

shares of Broken Hill Pty. at prices ened to almost 60 percent.

All three issues carried "puts" giving holders the choice in redeem and assuring yields, then equal to why should be permitted to when those prevailing in domestic gov-they don't," said one banker who ernment paper, of 10 percent on the attended the meeting. U.S. dollar bond, 10.48 percent on

ranging from 12.36 to 12.56 Aus- cancellation to the unprecedented conditions. railian dollars, premiums of some volatility and adverse changes in 20 percent. By last week, with the stock price down to 7.90 dollars, no one contested that statement, Merrill had a substantial position the conversion premium had wid- the co-managers of the issue were in the bonds. This view was disput-

enerous.

tors who bought at the start and might be challenged in court over
The final terms on the bonds then sold possibly made a considerthe decision.

Continued from first finance page)

The bonds were convertible into hares of Broken Hill Pty, at prices

Were set the week before last and the formal closing documents were unhappiness over the withdrawal of bonds whose terms are now so Merrill Lyneb attributed the out of line with prevailing market

not unanimous in favor of the deci-sion. ed by Stanislas Yassukovich, chair-man of Merrill Lynch Internation-"Underwriters do not walk away al, who said that "it's in no one's the bonds after six years for cash from deals when they make money, interest to have paper issued at a

wrong price." Normally, withdrawing an issue this late in the distribution process This banker, who asked not to be would be a result of a dramatic the sterling issue and 12.56 percent identified, said the bonds had been change in the company's financial on the Australian dollar paper. allotted and distributed two weeks bealth, not a change in market con-Last week's declines in interest ago. The paper then traded hands ditions. Some of the co-managers rates make these put options look on a "when-issued" basis. "Inves-raised the possibility that Merrill

# A Wave of Margin Calls

By Leonard Sloane

Some of these calls will undoubtedly lead to lawsuits by unhappy investors, who may believe that Individual brokerage bouses may they received inadequate notifica-tion or that their securines were sold precipitously by the broker-

Margin buying, or buying securities on credit, is an investment If the holding company or some average showed once again that in-other company had not rescued vestment losses are magnified when First Options, the firm would have securities are bought on margin, been allowed to fail rather than

For example, margin debt at

However, Scott E. Pardee, vice on Tuesday evening, according to chairman of Yamaichi Internation—Harwick Simmons, vice chairman al (America) Inc., one of Japan's About 12,000 of the firm's 75,000 largest securities firms, said, margin clients — Shearson has a "Thank God for Glass-Steagall" intal of 2.5 million customers —

"I don't buy the Chinese Wall theory," he said. "Chinese Walls could be very difficult to maintain given a fall like Monday's."

In a down market, though, the day calls went out after Monday's disaster, and on Tuesday calls went out after Monday's disaster, and on Tuesday calls went out after Monday's disaster, said Robert Sablogade. Critics of the Chinese Wall the executive vice president of Gruntal cash buyer would lose 20 percent of ory point out that a bank bolding & Co., a securines concern. "Peothe \$10,000 investment, while the

company that was forced to rescue ple then have 48 hours to come up with the money."

"One of the lessons a lot of people learned is that a 500-point loss

"One of the lessons a lot of people learned is that a 500-point loss

"One of the lessons a lot of people learned is that a 500-point loss." a securities affiliate would be less with the money."

nion when you are on margin," said Joel S. Isaacson, manager of per-

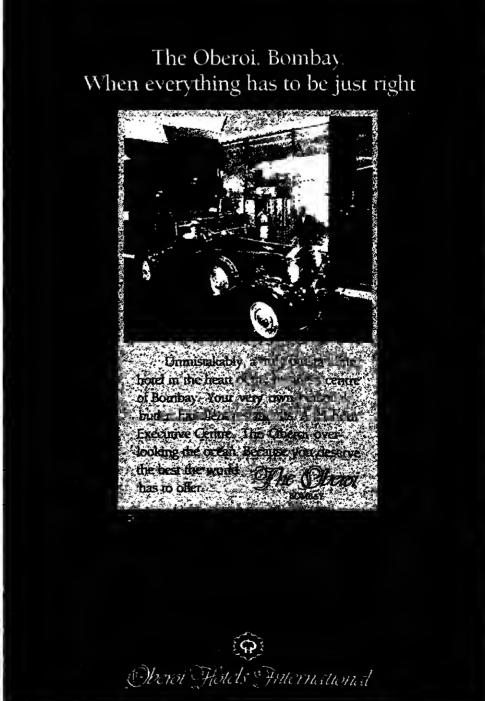
margin debt greatly exceeded the margin requirement for listed and previous high of \$44.17 billion at the end of last month, the number of percent. In addition, the New York Stock Exchange requires that ever, many securities dealers said. customers of member firms maintam equity of at least 25 percent at have even higher requirements.

If the value of the collateral in a

margin account drops so that the equity falls below the required percentage, customers are likely to get a margin call. And unless more cash or securities are delivered to bring the account up to the minimum level, that enllateral will probably be sold to pay off the

The advantage of margin is best demonstrated by an example: a cash purchaser of 100 shares of a \$100 stock would pay \$10,000 for his or her shares. If the stock price of \$2,000, or 20 percent. However, a margin buyer would have an even larger profit percentage. He ar she could pay \$5,000 and borrow the other \$5,000 for the 100 shares. By

margin buyer would suffer a 40



AUSTRALIA, ECYPT INDU, PODONESIA, RAQ, NEPAL, SAUDI ARABIA, SID LANGA ESEPVATIONS THROUGH YOUR TRAYEL ACENT "Sung-burgation of the MONEY ID-800-181-121 W CEDBANY) I LIR CLONDON 101-59-11-W 192W YORK STATE 1244-1-111 (FRIES) 47238073 (TOKYO) 225-3414, STR OPENA JALES OFFICES (SYDNEY) 02-278-001 (CARA) INSPORT OR THE HOTEL DIRECT TELER 493-241-16.

#### BANKS: Collapse Seen as a Setback for Deregulation

who lend money, the commercial banks, and those who buy and sell securines on behalf of borrowers, investment bankers.

The comptroller of the currency.

Robert Clarke, chief regulator of nationally chartered banks, said, "Undoubtedly, there are going to be more cries from opponents of deregulation. It will just make it harder to educate people. The underlying conditions of improved technology and increased competition that have forced banks

to seek new powers remain unchanged, bankers argue. Many proponents of bank deregulation insist that in the long run the full effect of the market's plunge could prove a boon to their cause.
Richard M. Whiting, general counsel of the Association of Bank Holding Companies, said that last

do with the ups and downs of the Even if the combination of

week had shown "that a marriage between commercial banking and

investment banking has nothing to

(Continued from first finance page) banking and underwriting were allowed," be said, "there are a lot of things that have been put in place since 1929 that would prevent many of the borror stories."

> Federal insurance that guarantees the safety of bank deposits is chief among the safety nets that were introduced after the banking crisis that followed the 1929 crash.

The comptroller, Mr. Clarke, and the chairman of the Federal Deposit Insurance Corp., L. William Seidman, have been pushing Congress to allow banks to own securities firms as subsidiaries or to allow bank holding companies to own securities firms.

They argue that through strict regulation and supervision a "Chi-nese Wall" can be built between banks and affiliated securities firms so that the problems of one do not burt the other.

Regulators point to First Op-tions of Chicago Inc., a major lend-er to stock options traders that suffered millions of dollars in losses from the stock plunge and was on the brink of collapse last week.

Regulators would not permit First Options to borrow cash from its immediate parent, Continental Illinois National Bank & Trust Co., to stay afloat. Instead, First Op-tions had to borrow from Connnental Illinois Corp., the parent of Continental Bank.

tal bank, regulators said.

able to shore up its banking subsid-

# **Pours From Wall Street**

New York Times Service

NEW YORK — U.S. brokerage sonal financial planning at Weber firms issued a flood of margin calls Lipshie & Co., a New York certito customers during the stock mar-tied public accounting firm.

Let's capid recent declines. With Current Federal Reserve Board ket's rapid recent declines. With experts estimating that the level of regulations provide for an initial

age. On Friday such a suit was filed by a group of Florida investors against Bear, Stearns & Co.

technique long used by individuals seeking to extend their purchasing power and increase their profits. Monday's brutal 22.6 percent decline in the Dow Jones industrial been allowed to fail rather than For example, margin debt at rises to \$120 and the shares are jeopardize the health of Continen-Shearson Lehman Brothers sold, the buyer would have a profit reached a new high of \$200 million

Weekly International Bond Prices  Provided by Credit Suisse First Boston Securities, London, Tel.: 01-623-1277.  Prices may vary according to market conditions and other factors.  October 22	Issuer   Con Mair Price And Tide   E   E   Con   Mair Price And Tide   E   B   Do   Do   Do   Do   Do   Do   Do
Dollar Straights  The Con and Proc Mile 100  Australian  Australia	STATE OF THE STATE
	AMEX Soles  AMEX S

Germany's Dependent Medium-sized fi

assumed. Nearly dent on exports in its 1986/87 an have had on bus prices, on shifts strength of othe pected conclusion

IKB in Pers Industrickreditt long-term fixed prominent instit lative of the Fed nearly 7,000 confor capital inve-own long and a attractive for in-

**IKB** Improv

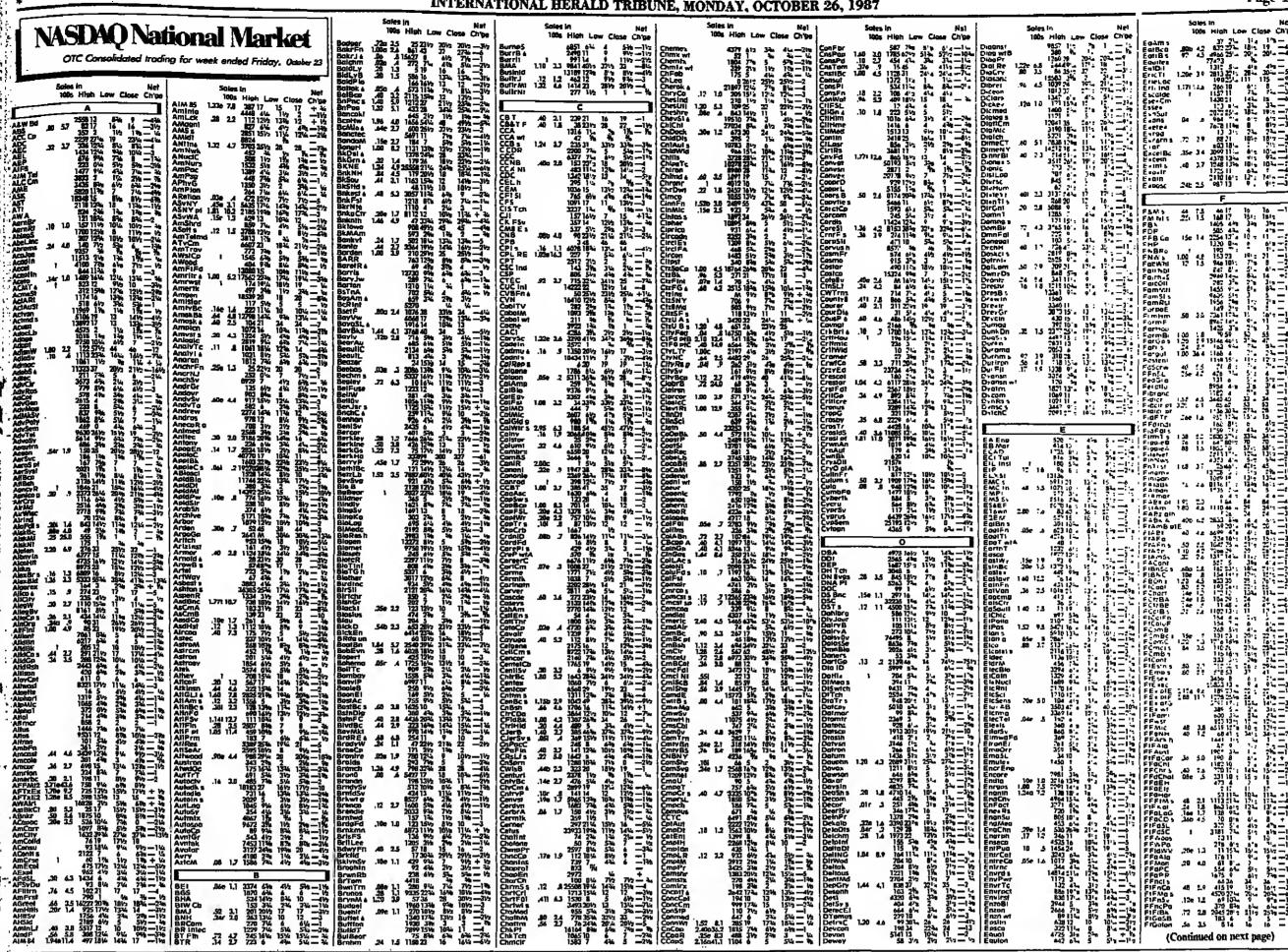
During the 1986 256 million, wit income, DM 12 of the previous during the inter DM 746 million

Credit Volum Ciaims on custo ments exceeding in conjunction v

years. As in the 200d 60% of the recent years. Specialized

In addition to ke
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corporations of



# Industriekreditbank Reports

### Strong Gains in 1986/87

Germany's Medium-Sized Companies Increasingly Dependent on Foreign Trade

Medium-sized firms are often more dependent on exports and imports than is generally assumed. Nearly every second job in West German industry is directly or indirectly dependent on exports - a trend that has steadily gathered strength since the 1970s. For this reason, in its 1986/87 annual report, IKB examines the effects that current world economic trends have had on business, in particular on foreign exchange rate movements, on changes in oil prices, on shifts in the structure of demand, on foreign investment, and on the competitive strength of other countries' exports. IKB's latest annual report, which draws some unexpected conclusions, is available upon request.

IKB in Perspective

Industriekreditbank (IKB) is a private-sector commercial bank specializing in medium and long-term fixed-rate loans of up to ten years and longer. The shareholders are mainly prominent institutions in the West German financial and business community. A represeolative of the Federal Government is on the Bank's supervisory board. IKB's clie ots comprise nearly 7,000 corporate borrowers - primarily medium-sized firms. Credit is provided largely for capital investments and export financing. Funding is arranged through the Bank's own long and medium-term bonds - fioancial instruments which are considered highly attractive for institutional investors seeking currency diversification in D-marks.

#### IKB Improved Profitability

During the 1986/87 business year, IKB's net interest income grew by a healthy 13.7% to DM During the 1980/8 / business year LKB's net interest income grew by a healthy 13.7 % to DM 256 million, with operating results increasing by 11.4% to DM 154 million. Out of total oet income, DM 12 million was allocated to the provisions. The dividend remained unchanged at the previous year's level of DM 8 per DM 50 share despite a 16<sup>2</sup>/<sub>5</sub>% growth in capital during the intervening period. As of March 31, 1987, IKB's capital resources amounted to DM 746 million and the ratio of capital resources was 4%.

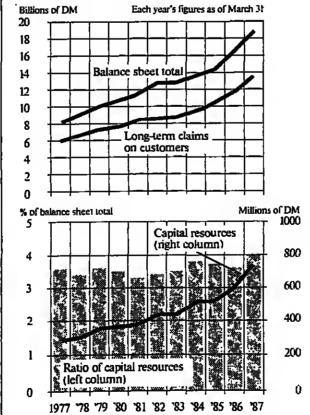
#### Credit Volume Grows

Claims on customers rose by DM 1.9 billion to DM 14.2 billion, with total loan disbursements exceeding DM 4 billion for the first time. More than 70% of total disbursements were in conjunction with credits of 10 years and longer. The average maturity rose from 5.3 to 6.3 years. As in the past, the manufacturing sector was the biggest borrower, representing a good 60% of the total. However, the service sector has accounted for an ever larger share in recent years.

#### Specialized Services

lo addition to long-term lending, IKB offers a wide range of specialized financial services. For example, in Luxembourg, IKB's branch and subsidiary, Industriebank International S.A., have both achieved successes in international lending, money market trading, and the securities business. A wholly-owned subsidiary in Hamburg, IKB Leasing GmbH, is active in fixed asset leasing, and a joint venture of IKB with BHF-BANK specializes in real estate leasing. IKB's international business focuses primarily on long-term machinery and equipment export financing. The recently-established Corporate Finance Division provides specialized consulting services to companies on questions of capitalization, including stock exchange introductions. Together with other banks, IKB also maintains an active vecture capital company as well as an investment company for companies not qualifying for a stock exchange listing. The expert counselling services of IKB Consult GmbH are available to corporations of all sizes.

#### IKB's Business Development 1977-1987



#### Domestic lending by industry

<sup>70</sup> T	Manufacturing
60 +	Basic materials and producer goods
50 +	
40	Consumer goods
30 🕂	Capital goods
20 🚽	Services
- 1	Trade
10	— Other —
ا م	

#### Summary of Financial Figures (non-consolidated)

-			
	March 51, 1983 Millions	Change	
Balance sheet total	18.814	16.661	+ 12,9
comparative consolidated figures	19,188	17,644	+ 8.8
Claims on customers	14.16711	12.247	+ 15.7
of which long-term	13.718	11.787	+ /6.4
Own bonds issued	6,770	6,367	÷ 6.3
Long-term liabilities to banks	4,751	4.279	+ 11.0
Long-term liabilities to other creditors	4.150	3,249	+ 25.8
Capital funds	745.5	601.5	+ 23,9
Net interest income	256.1	225.3	+ 13.7
Net income	45.6	40.8	+ 11.8
		A. Lauranderson	

If Including DM 325 million transferred from Industriebank International S.A., Luxembourg

#### Industriekreditbank AG **Deutsche Industriebank**



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6 months (+1 month free)	Country	Currency	1 year	6 mar.	2 mas.		
3 months (+2 weeks free)	Austria	A Set	4,800	2,600	1,450		
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	France	F.F.	1,500	820	450		
Access American Express	Cermony	፮	580	320	175		
Diners Club 🗆 Eurocard	Great Brit	er E	130	77	42		
Mastercard □ Visa	Greece	Dr.	22,000	12,000	6,600		
	Irefond	로써	150	82	45		
一番戦・リカーに	hely	[Jee]	360,000	210,000	115,000		
Care & PARIS CUE	Luxembour	g LFr.	11,500	6,300	3,400		
MODERATOR	Netherland	6 A	450	360	198		
MEA   mom-Gord	Norwey*	Nű	1,800	990	540		
	Partugal	Esc.	22,000	12,000	6,600		
	Sport*	Pos	29,000	16 000	8,800		
	Sweden*	Ş.Kr.	1,800	990	540		
	Switzerland	S.Fr.	510	280	154		
	Rest of Eur	race. No	rth Afno	a, former	French		
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	Rest of Afm				1		
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SELECTED U.S.A./O.T.C. QUOTATIONS

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Why have there been so many computer scanes in secent weeks with little or no ner result in terms of price erasion since the September Cray partic! Indigo calls it informed professional accumulation in the frace of induced amateurish dumping and is projecting prices for higher — for smaller issues such as Apollo and Data General on up to IBM and Digital Equipment. Write, phone or telex for complimentary coverage and projections. Indigo e licensed broker.

Computer Wars

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#### COMPARISON: Unlike '29, Today's Investors Brag About Getting Out

Continued from first finance page)
one's losses. What he offers is advice: "I'm not going back in the market, and I suggest that the little grys just sit on the sidelines. Injuried of playing the market, they should go to Atlantic City," a gamatical constraint New Jersey when bing center in New Jersey where Mr. Trump is a major casino own-

Meanwhile, on a television progam last Tuesday, Mr. Pickens's response to the market rout was omething less than statesmanlike. Sounding peevish, he blamed the collapse on a congressional proposal that would make mergers and acquisitions more costly, perhaps a somewhat parochial view of a national catastrophe.

Mr. Pickens also took pains to let the public know that he had been a shrewd investor.

He said he had been out of the market "for some time personally out of it from the long side; I've

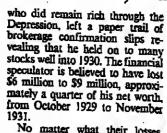
This statement must have surorised Mr. Pickens's associates who ad joined him in recent well-pubheized investments, from the long side, in Newmont Mining Corp., Boeing Co. and Singer Co.
"This is a period," said William

M. LeFevre, market strategist for Advest, a brokerage, when people might be saying things that are not precise.

"Investors are prone to selective recall, particularly when they have a public image to protect," he said.
"The statement Wall Street pros really had trouble believing was the one made by Pickens."

And Mr. Grant, the newsletter ablisher, said, "It is remarkable hat when the market crashed on Monday, no one owned any

.Mr. Grant, who has written a biography of Bernard Baruch, said nomenon occurred in 1929, as well. Even Mr. Baruch, he said,



No matter what their losses, however, financial leaders in 1929 were apparently forbidden to say anything was amiss with the economy, unless they were outright bears and therefore utterly disreputable

anyway. Throughout October and November of 1929, pillars of the community announced that the panic

Thomas W. Lamont of J.P. Morgan & Co., the man who is famous



Bernard Baruch

This is a period when people might be saying things that are not precise. Investors are prone to selective recall, particularly when they have a public image to protect.'

> — William M. LeFevre, market strategist for brokerage Adrest

exchange" noted that the huge de-clines stemmed from "technical" and not "fundamental" factors.

In contrast, last Tuesday, many in the business and financial com-munity were startled by President Ronald Reagan's declaration that licly that they were buying stocks.

U.S. economic fundamentals were U.S. Steel and American Can tried

"I heard that and said, 'Oh, my dividend increases God, it's Herbert Clark Hoover!" Last week, more

Hoover and the husiness leaders

Mr. LeFevre said

for stating on Black Thursday, Oct. of the time had great faith in the 24, 1929, that "there has been a power of such bromides. For a brief little distress selling on the stock time, they also thought organized business support could help shore op the collapsing market. On Black Thursday, 1929, lead-

ing bankers created a pool to prop up stock prices and curb volatility, and the financial elite stated pubto ease the panic by announcing

Last week, more than 100 companies announced new or accelerated stock huyback programs in an

shares and, hence, the market, But privately, and in some cases, publicly many business leaders acknowledged that if the crisis decpens, the substantial support the markets will require can only come

from government intervention. "Business leaders don't carry the same weight they used to, partly because of the 1929 Crash," said Daniel P. Davison, chairman of U.S. Trust, a large New York bank.

The leading New York banks aren't at the center of the storm today," he said. Instead, he said, the key figures are the Federal Reserve chairman, Alan Greenspan; the Treasury secretary, James A. Baker 3d; the governor of the Bundesbank, Karl Ono Pohl; and the governor of the Bank of Japan,

Even free-market mavericks like the investor Irwin L. Jacobs have come to accept this point of view.

Last Monday morning, as stock
prices began to crumble, Mr. Jacobs said, he still believed that government should not intervene in the financial markets. By Monday night, he had changed his mind.

In a television interview, he said that "there is no question that not only should there be government intervention, it should be a worldwide intervention in the free mar-kets where there should be a day. two days, whatever it takes, to get these world powers together that represent all the markets to try and create a psychological effect that the world is not coming to an end." The economist John Kenneth Galbraith, author of "The Great Crash 1929," said he regarded statements by husiness and political leaders at such times as "something between mysticism and black

"Don't listen to anything these people say," he said. "Just be guided hy history."

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**American Exchange Options** 

#### Mutual **Funds**

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#### ISLAMIC DEVELOPMENT BANK



بناءالاسلامي التنمية

#### INVITATION TO PREQUALIFY

FOR THE CONSTRUCTION OF THE ISLAMIC DEVELOPMENT BANK HEADQUARTERS PROJECT JEDDAH, KINGDOM OF SAUDI ARABIA

Interested Contractors are invited to apply for Prequalification Documents for the above project. Tender Documents will be issued subsequently only to those Companies or Joint Ventures selected as having the necessary qualifications to perform the project satisfactorily.

The project comprises the following elements: a high-rise Tower (21 stories, 1-basement, steel structure, total floor area approx. 42,500m²) housing the Bank's Headquarters Offices and the Islamic Research & Training Institute; a domed Conference Center (4-stories, 1-basement reinforced concrete (RC) structure, 12,500m²) containing a 1,500-seat Assembly Hall; a Residential & Social Center (5-stories, RC structure, 5,000m2); and e Podium (1-storey, 2-basements, RC structure, 40,000m²) linking the above elements and providing covered parking for 990 cars. The total site area is approx. 46,500m2. The project also includes the facelifting of an existing Mosque on an adjoining site and landscaping of its grounds.

Tender documents for the project will include detailed design drawings, specifications and bills of quantities prepared by the A&E Consultant. The construction contract will be ewarded on a fixed price, lump-sum basis. The scope of the contract will include preparation of full shop drawings and the execution of all site-works and construction of the project.

Other pertinent information is as follows:

- Name of Employer
- THE ISLAMIC DEVELOPMENT BANK, an International Development Institution with headquarters in Jeddah, Kingdom of Saudi Arabia.
- 2. Tender Period
- : 3 months from planned Tender Issue Date of Merch 23, 1988
- 3. Construction Period 4. Particular Conditions
- : 28.5 months from Contract Award Dete
- : The Contractor and all associates, vendors, transporters, etc. shall be subject to the Boycott requirements of the Islamic Conference, League of Arab States and the Organization of African Unity.

The governing law of the Construction Contract shall be the Law of the Kingdom of Saudi Arabia.

A Tender Bond will be required.

Should it be judged by the Employer or the Consultant that the response to this invitation to Prequalify is inadequate, the Employer reserves the right to contact suitable firms directly asking them to participate in the

Prequalification Documents will consist of Instructions, Project Data, and a Prequalification Questionnaire. Application requests for the issue of Prequalification Documents should be submitted in writing and delivered by mail, telex or telefax by or before NOV. 09 1987 to the Bank at the following address:

The Director of Administration **Islamic Development Bank** P.O. Box 5925, Jeddah 21432, Kingdom of Saudi Arabia Tix: 601137 ISDB SJ (English) / 601407 ISDB SJ (English) / 601945 ISLAM SJ (Arabic) Fax: +966 2 636 6871

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O New York Times, edited by Eugene Maleska

#### **SPORTS BRIEFS**

#### Soviet Men Sweep World Gymnastics Event

ROTTERDAM (AP) — Veteran Dmitri Bilozerchev led a 1-2-3 Soviet finish in winning the men's all-around title in the World Gymnastics Championships Saturday, while 14-year-old Aurelia Dobre of Romania took the women's crown. Bilozerchev, 20, whose career nearly ended two years ago with a compound leg fracture, regained the title he had won in 1983. He collected 118.375 points, edging Yuri Korolev, second with 118.350 points. Vladimir Artemov was third with

Dobre, with four perfect 10s in her last eight exercises, scored 79.650 points. Elena Shoushounova of the Soviet Union was second with 79.487. Daniela Silivas of Romania third with 79.200.

#### Zoeller Takes 2-Shot Lead in Tucson Open

TUCSON, Arizona (AP) — Fuzzy Zoeller got five hirdies on the back nine Saturday to shoot eight-under-par 64 for a two-shot lead after three rounds of the Tucson Open golf tournament. He was at 197 after three rounds.

#### Hal Sutton, the second-round leader with a 62 on Friday, shot a 68 and fell two shots back. Jay Haas, Chip Beck and Mike Reid, the first-round leader, were at 201.

Heavyweight Bruno Beats Bugner on TKO LONDON (UPI) - Frank Bruno registered a technical knockout Saturday night of Joe Bugner at the end of the eighth round of their 12-round heavyweight contest. Bruno, 26, Britain's best hope for a shot at Mike Tyson's world title, improved to 32-2. Bugner, 37, of Australia, fell to 62-11-1 and announced his retirement.

In Miami, unbeaten Jesus Rojas of Columbia scored a one-sided victory Friday night in his first defense of the World Boxing Council super-flyweight title he won in August, stopping Gustavo Ballas of Argentina in the fourth round of a 12-round

#### For the Record

The U.S. Olympic Committee board elected two executive directors Saturday: Baaron Pittenger, who has been interim executive director since Aug. 23, and Harvey W. Schiller, who will succeed Pit-

tenger in January. (NYT)
The Davis Cup final between highly favored Sweden and India, at Goteborg's 12,000-seat Scandinavium-Arena before Christmas, is almost sold out after a week

#### Ouotable

Trainer Angelo Dundee, asked if it bothered him when Cassius Clay changed his oame to Muhammad Ali: "No... My real name's not Dundee," (LAT)

# N.C. State Upsets Clemson, Despite 28-Point Tiger Rally

Compiled by Our Staff From Dispatches CLEMSON. South Carolina - With eight home games and no powerhouses on its schedule. Clemson was expected to go 11-0, then go

**SPORTS** 

to a major postseason bowl game.

But despite holding North Carolina State to minus-10 yards offensively in the second half, the Tigers could not overcome a 30-0 halftime

#### U.S. COLLEGE FOOTBALL

deficit and lost to the Wolfpack, 30-28, in the biggest upset in U.S. college football Saturday.

"It was like two different ball games out there," North Carolina State's coach, Dick Sheridan, said. "But we can't be too worried about how it happened. We won."

The Wolfpack, 19-point underdogs, dominated the first half, amassing 14 first downs to one for the Tigers and outgaining them 252 yards to 46. In the second half, North Carolina State did not get past Clemson's 45-yard line and did not get a first down in the fourth quarter.

In a desperate attempt to make up the 30-0

deficit, Clemson scored 28 points in the final 15 minutes 58 seconds on drives of 84, 47, 80 and 81 yards. Clemson reached the N.C. State 44 with 1:18 to go, but the drive ended when Rodney Williams's pass on fourth down fell incomplete. Williams threw an NCAA record 46 passes in the second half.

The Tigers, the defending Atlantic Coast Conference champions, fell to 6-1 and 3-1 after losing for the first time since North Carolina State beat them, 27-3, last year. The Wolfpack is 3-4 and 3-2

Oklahoma 24, Celorade 6: In Norman, Oklahoma, the Sooners overcame nine fumbles three of which were lost - and six penalties to defeat Colorado and raise their record to 7-0 overall and 3-0 in the Big Eight Conference. Jamelle Holieway rushed 27 times for 146 yards for the Sooners.

Nebraska 56, Kansas St. 3: In Lincoln, Nebraska, quarterbacks Steve Taylor and Clete Blakeman each had a hand in two touchdowns as the Cornhuskers beat Kansas State for the

19th straight time. Nebraska, 7-0, gained 459 yards rushing, including 100 by Tyreese Knox, who played only in fourth quarter.

The Nebraska defense hasn't allowed a touchdown in 13 straight quarters.

Miami 48, Cincinnati 10: In Cincinnati, Steve

Walsh threw two third-quarter touchdown passes and three Miami runners topped 100 years as the Hurricanes won easily. Miami, 5-0, scored 21 third-quarter points to overcome a slow start en route to its 26th consecutive regular-season victory, the longest current streak by a Division 1-A school.

Auburn 38, Mississippi State 7: In Anburn, Alabama, Reggie Slack passed for 185 yards and three touchdowns as be turned his first starting assignment into an easy victory over Mississippi State. Slack was pressed into service when starter Jeff Burger was sidelined by a possible NCAA rules infraction.

UCLA 42, California 18: In Pasadena, California, Gaston Green rushed for 220 yards and two touchdowns and Dennis Price returned an interception 100 yards as the Bruins, 6-1, defeated California for the 16th straight time.

Syracuse 52, Colgate 6: In Syracuse, New York, Don McPherson threw a school-record four touchdown passes to wide receiver Tommy Kane in a game that ended a series dating from 1891. Syracuse decided to drop Colgate, a Division I-AA school, from the schedule because it felt the teams were no longer competitive.

Notre Dame 26, Southern Cal 15: In South Bend, Indiana, sophomore quarterback Tony Rice, making his second start, directed first-half scoring drives of 88 and 90 yards and put Notre Dame ahead with a 26-yard run as the Irish rushed for 351 yards.

Georgia 17, Kentucky 14: In Athens, Georgia Lars Tate scored on a five-yard sweep with 1:08 remaining, lifting Georgia over Kentucky. Tate's run capped a 49-yard drive and enabled the Bulldogs to overcome a 14-0 deficit.

Tennessee 29. Georgia Tech 15: In Knoxville, Tennessee, freshman Reggie Cobb rushed for 140 yards and scored two touchdowns



Banks drew a crowd, got a first down.

Michigan St. 14, Illinois 14: In East Lansing. Michigan, defensive end Scott Davis blocked a last-second 28-yard field goal attempt by Michigan State's John Langeloh and the Spartans had to settle for a ne with Illinois.

Indiana 14, Michigan 10: In Bloomington. Indiana, quarterback Dave Schnell passed for one touchdown and rushed for another as Indiana took sole possession of first place in the Big Ten Conference. The victory was the Hoosiers first over Michigan since 1967.

Otio St. 42, Minnesota 9: In Columbus, Ohio, freshman tailback Carlos Snow scored four touchdowns on his 19th birthday and Tom Tupa completed 12 of 19 passes as Ohio State crushed Minnesota.

Oklahoma St. 24, Missouri 20: In Columbia, Missouri, Mike Gundy connected on touch-down passes of 12 and 48 yards to split end Hart Lee Dykes to rally Oklahoma State to



# I GET TIRED FEEDING RUFF EVERY DAY. COULDN'T HE EAT OUTJUST ONCE IN A WHILE ?\*

# JUMBLE THAT SCRAMBLED WORD GAME by Henri Armold and Bob Lee

VOLGE LYDOM THRAHE WHAT THEY GOT WHEN THE HEATING FREEZING DAY. NARCLE

Answer: UNDER THE THE

Jumbles: CAMEO GLOAT TIOBIT FRENZY Answer: The bookle fell on hard times because he didn't know this—ANY "2ETTOR"

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.



#### PEANUTS



Solution to Friday's Puzzle.

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STREAM RIME ERA
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THEY'RE GREAT HOCKEY FANS SO THEY WANTED TO NAME THE BABY AFTER A HOCKEY PLAYER,







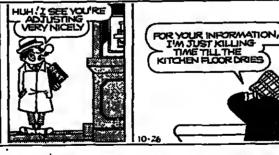






OH, THANKS















#### **GARFIELD**



#### BANG: Sell-Off Casts Pall on Anniversary

#### (Continued from first finance page) the American chairman of Quadrex Securities

Ltd., a London-based international securities group. "The cost structures in New York, Totyo and especially London were getting out of

"Business was not coming in the door as fast as they would have liked," he noted, nor as fast as salaries were being hiked.

The trend toward globalization of financial markets convinced financial institutions in the United States, Japan, Switzerland, West Germany, Australia and Hong Kong long ago that London was an indispensible part of the trad-ing sequence with Tokyo and New York. With deregulation on the way, the City became even more attractive.

Some firms already had a major presence in London's international securities, Eurobond and foreign exchange markets. What Big Bang offered was new opportunities in what until recently had been a robust domestic market in shares and in the government bonds known as

Everybody knew that post-Big Bang competition would be fierce and that there wou casualties. Fixed commissions on securities trading were abolished in one fell swoop to an

trading were abolished in one fell swoop to an average 0.2 percent of each transaction, from 0.3 percent before Big Bang.

For the first time, foreign banks previously restricted to minority holdings of 30 percent would be allowed to own 100 percent of the equity of British brokerage firms. The big British clearing banks, among them Barclays Bank PLC and National Westminster Bank PLC,

were given the green light to combine with the investment banking-stockbroking sector.

The Big Bang reforms also swept away the distinction between brokerages that served as agents for clients and jobbers that traded for

profit on their own accounts.

This resulted in the creation of financial supermarkets, full-service banks that combined services in retail banking, equity and bond trading, investment banking and moneymarket operations.

market operations.

No less significant, Big Bang ushered in screen-based trading which led to the extinction of the trading floor at the 214-year-old London Stock Exchange.

The days of trading eyeball to eyeball are over. Now brokers and market-makers transact virtually all business by telephone while scanning share price data on their computer terminals. Many say that the move to screen-based electronic trading has exacerbased electronic trading electronic trading has exacerbased electronic trading has exacerbased electronic trading electronic trading electronic trading electronic trading electronic trading electronic trading electroni based, electronic trading has exacerbated market volatility.

As a result of the new competitive pressures,

City profits have become more elusive. Klein-wort Benson, Lonsdale PLC, the British mer-chant bank, posted a £7.5 million loss on securities trading in the first half. That contribnted to a 34 percent drop in pretax profit for the half, to £37.9 million from £57.6 million a year earlier.

After last week's panic selling, it seems cer-tain that many firms have suffered substantial trading losses. "There's going to be some pretty severe pain," said Terry Smith, a leading bank-ing analyst with the firm Barclays de Zoete

Firms that operate as market-makers, trading on their own accounts and at their own risk, are expected to be hardest hit by the recent plunge in prices. There are about 10 major market-makers in the City.

The "most vulnerable" firms, Mr. Smith said, "are the ones who haven't got big parents or whose parents are not willing to bear the pain" of carrying losses from securities trad-

Speculation about financial problems has centered on the brokerage Smith New Court and on the medium-size merchant banks Morgan Grenfell and Kleinwort Benson.

Smith New Court said Friday that it had traded profitably over the past two weeks. But its shares tumbled by 42 percent last week while the stock prices of Morgan Grenfell and the merchant bank S.G. Warburg Group re-

treated by about 35 percent.
While the Big Bang has transformed smooth City dealings into what many would describe as a roller coaster ride, market watchers around the world still cite the benefits of deregulation. Even in the United States, where de-regulation unfolded in the mid-1970s, the market is impressed by the speed with which change has been wrought in sleepy old Lor.

The wave of takeovers in London's finantotal success story. S.G. Warburg has gobbled up smaller brokers and market-makets and succeeded.

But there are numerous instances in which corporate cultures failed to mesh. Shearson Lehman's acquisition of L. Messel & Co., the

Britih brokerage, is cited as an example.

"People forget that before Big Bang, we had jobbers, stockbrokers, merchant banks, all distinct," Mr. Klesch said. "Now many firms have

come together under one roof, and we've seen all kinds of problems."

Sir David G. Scholey, Warburg's chairman, "It's where firms have well-balanced businesses that they have prospered. Those with serious strengths in but one area are being undercut by their serious weakness in other departments."

Kenneth W. Barker, executive director of the London branch of Hongkong & Shanghai Banking Corp., said: "It's not easy for the Banking Corp., said: "It's not easy for the partners of a stockbroking firm to fit in with the requirements of a large commercial banking parent. They often have very different operating philosophies."

Much of the success or failure of Big Banking the success or failure of Big Banking and the future applications.

will hinge on the future regulatory envisonment, particularly after scandals such as alleged share price manipulation by Guinness PLC. The affair came to light in December, months after the brewing giant's takeover of

months after the brewing giant's takeover of Distillers PLC.

Britain's Financial Services Act will take full effect next year, providing statutory backbone to such self-regulating bodies as the City's Takeover Panel. The body has been criticized for its inability to impose adequate sanctions, particularly for violations of Britain's Takeover Code over Code

over Code.
"I think London is trying to do too much too fast. It's trying to develop regulations while deregulating," said Mr. Klesch, who served as director of capital markets policy at the U.S. Treasury during the Ford administration. "The floating regulatory environment has not been helpful."

Sir David, Warburg's chairman, is more sanguine. "I'm quite encouraged" by efforts to establish "a statutory regime which is led by market practitioners," he said.

But he added, "We still have a long way to go."

### BP: Underwriters Fear Big Loss on Flotation

(Continued from first finance page) the full impact of a sharp fall in BP's share

First, the 17 main British underwriters, led by the merchant bank N.M. Rothschild, have divided the risk among more than 400 sub-un-derwriters, mainly big institutions such as pension funds and insurance companies.

Thus, the risk is so diluted that no single underwriter should face serious financial difficulties as the result of having to hold onto a large inventory of unsold BP shares.

Analysts here say that the issue's partial-payment structure — only 120 pence a share is due when the offer officially closes on Wednesday, with the remaining 210 pence due in two equal parts over the next 18 months — also provides a small cushion for the underwriters. According to analysts, the delayed payment amounts to a hidden "bonus" of 20 peace on each share — calculated roughly as what the 210 peace could earn in a money market account until it is due — meaning that BP is still a bargain at 310 peace a share

istered for shares will now move to acquire

them, other analysts point out.
"Before I would have expected some 5 million small shareholders to take up what was then an attractive offer," one analyst told Renters. "Now I doubt it will be more than a few hundred thousand, and they will be very fool-

"You'd be mad to buy on those terms," another analyst said

#### CJI Proposes \$1 Billion Deal To Acquire Triangle Industries

The Associated Press NEW YORK — CJI Industries Inc., formerly a railroad company known as Central New Jersey, said it has proposed acquiring the much-larger Triangle Industries Inc. in a stock and cash deal valued at about \$1 billion.

The merger would combine two major holdings of Nelson Peltz and Peter W. May, who count until it is due—meaning mat Br is stat a bargain at 310 pence a share.

Despite such arguments, it is unlikely that the estimated 6.25 million individuals who regular than the estimated 6.25 million individuals who regular than the biggest U.S. container company, with projected 1987 sales of \$4 billion.

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# McMahon, Back From Injury, Leads Bears Over Bucs

Compiled by Our Staff From Dispatches
TAMPA, Florida — Jim McMaion; starting the second half in his inst appearance since separating less shoulder 11 months ago, ran for a touchdown and hit Neal Andersin for the winning score with 88 seconds remaining Sunday, rallying the Chicago Bears in a 27-26 timingh over the Tampa Bay Buc-

In the first game for regular players after the end of the National Football League strike, Steve Deflerg helped stake Tampa Bay to a

NFL FOOTBALL 20-0 lead with two first-quarter touchdown passes. Dellerg suffered strained knee ligaments dur-ing a 20-3 loss to the Bears Sept. 20, the final weekend before the 24-day players' strike.
The Bucs are 3-3, and the Bears,

McMahon replaced Mike Tomezak to start the third period and completed 16 of 24 passes for 195 yards, finding Anderson from 6 yards out for the winning TD pass.

McMahon, who hurt his shoulder No. 23 when he was believed. der Nov. 23 when he was slammed to the turf by Green Bay's Charles Martin on an illegal hit, started the

He found Willie Gault for gains of 19 and 16 yards, and connected with rockie Ron Morris for 19 yards. On second-and-5 from the 6yard line, Anderson took a swing pass in the right flat and vaulted into the end zone for the final yard as the Bears beat the Buccaneers For the 10th consecutive time.

McMahon had been placed on

injured reserve before the season after surgery to his rotator cuff in 49ers 24, Saints 22: In New Orleans, Joe Montana picked on the

Saints' mistake-prone secondary for 256 yards and three touchdowns, leading San Francisco to victory in a game marred by penalties and fumbles by both teams. His third touchdown pass went 14 yards to Mike Wilson in the

fourth quarter, after the Saints had taken a brief 19-17 lead on Alvin Toles's touchdown return of a blocked punt. The touchdown pass came one play after a 39-yard completion to Jerry Rice was angmented by a face-mask penalty against cornerback Dave Waymer.

.The Saints drew six penalties for 68 yards, five of those either interference or holding calls on defen-sive backs, as the 49ers built a 17-6

3-3, including a 2-1 record by the successfully with 4:12 gone in the replacement team.

Redskins 17, Jets 16: In Washdefeat New York. The Redskins, in which Buffalo, nov down 16-7, got a 2-yard touchdown feated Miami, 2-4. pass from Jay Schroeder to Kelvin Bryant with 5:55 left, then drove 68 yards in nine plays in the closing minutes to set up Haji-Sheikh's

The drive was kept alive when

NFC East. New York, which has
never beaten Washington is 3-3.
Steelers 23, Bengals 20: In Pittsburgh, Mark Malone, boood relentlessly in the first half, threw a 12lessly in the f yard touchdown pass to John Green Bay, 3-2-1, pounced early Stallworth, then set up Gary Anon the Lions, 1-5, scoring on four yard touchdown pass to John derson's winning 20-yard field goal straight possessions in the first half-with 1:47 left by hitting Stallworth (UPI, AP)

to beat Cincinnati.
The Bengals drove in the Steelonds, but were unable to get off a field goal for a tie before the clock

Colts 30, Patriots 16: In India-napolis, Jack Trudeau passed for 239 yards and a touchdown, and defensive end Donnell Thompson returned a fumble 28 yards for another touchdown as the Colts

downed New England.

Albert Bentley also ran for a touchdown after rookie Terry Wright, a replacement player dur-ing the strike, blocked a New En-gland punt midway through the final period. Mike Prior, another replacement, ended New England's final threat with a pass interception and 38-yard return with 1:40 re-

Eagles 37, Cowboys 20: In Phila-delphia, defensive end Clyde Sim-mons recovered a fumble and blocked a field goal to set up 10 points as the Eagles defeated Dal-

The Eagles, left in a 1-4 hole by their replacements' three losses, boosted their record to 2-4. Dallas, which accumulated a 2-1 replace-ment record with the help of eight final drive at his own 29 yard line regulars who crossed the picket

line, slipped to 3-3 overall.

The Eagles' defense recovered three fumbles, blocked a field goal and sacked quarterback Danny White five times. Two of the fum-bles led in field goels and the blocked kick to a touchdown.

Offers 37, Falcons 33: In Houston, Warren Moon turned firstquarter boos into fourth-quarter cheers when he hit Curtis Duncan with a 14-yard touchdown pass with 27 seconds remaining, rallying the Oilers past Atlanta.

The game, which was tied six times, drew a crowd of 29,062, with 4,825 no-shows, a bit below a normal crowd at the Astrodome The Falcons' Mick Luckhurst

kicked four field goals, the last one an 18-yarder with 2:24 to play, giving Atlanta a 33-30 lead.

Moon, the Oilers' player representative, was boosed before the

game because of his role in the

players' strike. Bills 34, Dolphins 31: In Miami, Scott Norwood, who had a short kicked blocked earlier, converted a 27-yard field goal in overtime to provide Buffalo's triumph over the

Dolphins.
The Bills won the overtime coin flip and moved quickly to the Mi-ami 10, where Norwood, who had a San Francisco is 5-1, including 3- 22-yard attempt blocked by Doug 0 during the strike. New Orleans is Betters in the first quarter, kicked

It was the Bills' first victory over ington, Ali Haji-Sheikh kicked a Miami since 1983, when they de-28-yard field goal with 54 seconds feated the Dolphins 38-35 in overremaining and the Redskins scored time at the Orange Bowl. It was 10 points in the final six minutes to only the eighth time in 43 meetings

Packers 34, Lions 33: In Pontiac, Michigan, Al Del Greco kicked a 45-yard field goal with one minute left Sunday to give Green Bay the victory over Detroit.

The Lions had rallied from a 31-Schroeder connected with Rickey 7 second-quarter deficit to take Sanders for a 39-yard gain from the their first lead, 33-31, on Garry Washington 32.

The sanders for a 39-yard gain from the their first lead, 33-31, on Garry James's 2-yard touchdown dive The victory enabled the Red- with 3:02 remaining. But the Packskins, 5-1, to remain alone atop the ers moved 42 yards in nine plays on



Kent Hrbek hit a grand slam homer, his team's second of the Series, in the sixth inning. That ensured victory, the Twins having scored four runs against the Cardinals in the fifth.

# Twins Hammer Cardinals, 11-5, Send World Series To a Showdown 7th Game

By Michael Martinez

Mes York Times Service

MINNEAPOLIS — Don Baylor
had spoken so casually that the words easily could have been disthey got just five. missed as idle talk. But in the aftermath of the Minnesota Twins' resounding 11-5 victory Saturday over the St. Louis Cardinals — a victory that sent the 84th World Series to a

deciding seventh game Sunday night

they seemed prophetic.

The gnys believe we can't lose here." Baylor had said as the Metrodome was just beginning to fill.
"Baseball is like that. If you believe

fifth inning.
They scored four runs in each the fifth and sixth, and Kent Hrbek who had just one hit in 16 previous times at bat against left-handed pitching in the postsesson —punctuated the victory with a grand slam home run in the sixth off Ken

Dayley, a left-hander. Hrbek's slam was Twins' second

they got just five.
But they broke out on Saturday.

the first game, from Dan Gladder

first since he was acquired in a lateseason trade with Boston. From the beginning, it was clear

that this game was not going to feature pitching. Les Straker start-ed for the Twins and was gone by the fourth inning. John Tudor something, you can do it."

The Twins did, erasing their onegame deficit and tying the World
Series at three games apiece after
they had fallen behind, 3-2, in the

Tom Herr had put the Cardinals
in front grickly against Straker. both let them get away.

Tom Herr had put the Cardinals in front quickly against Straker, driving a home run well into the upper deck in right field, an estimated 413 feet (125 meters) away.

It was a trace sight for the Cardinals and the graph of the Cardinals and their record home up in

nals: only their second home run in the Series and just their fourth in 13 postseason games.

But the lead lasted only until the

Twins — with hankies being waved around them and a din falling from the stands — came to bat in the bottom half of the inning. Gladden led off with a triple, in-

side the first-base line, that einded the reach of the slow-moving Dan Driessen. Greg Gagne grounded out, keeping Giadden at third, but Kirby Puckett lined a single to left to tie the score, with just his second run batted in of the Series. Puckett scored, from second

base, when Baylor, the old warrior. singled to right off Tudor. That gave the Twins a 2-1 lead. Straker, though continued to have control problems. He issued a oneout, four-pitch walk in the second to

Terry Pendleton, the designated hitter, then — after Pendleton got to third on a ground out — gave up a ran-scoring single to Jose Oquendo.

Staker had a trouble-free third, to be wasting opportunities against the control of the co but the fourth became his undoing. Driessen, leading off, lined a Straker had been. In the second pitch off the 23-foot-high shower inning, Hrbek, leading off, reached curtain in right, advanced to third on Willie McGree's single and came

throw to Straker. Tom Kelly, the Twins' manager, pulled Straker, brought in left-hander Dan Schatzeder and hoped

getting a two-run homer from Bay-lor in the fifth that brought them back to a 5-5 tie. It was Baylor's first World Series home run and his

John Tudor, the Cardinals ace, departed in the fifth, having given up 11 hits.

to end the rally there. But Oquendo came through once more, hitting a

sacrifice fly near the line in right to put the Cardinals ahead, 4-2. Slowly, the Metrodome sellout crowd of 55,293 grew quiet. Their team had won two in a row to open the Series, but now it was showing the strain of a failing task. And it grew a bit worse.

The surging Cardinals, who had taken a one-game Series lead with a three-game sweep at Busch Stadium, pushed their advantage to 5-2 in the fifth after Schatzeder walked Smith to open the imning. Smith

Tudor, who was as ineffective as inning, Hrbek, leading off, reached second when McGee, the Cardion Willie McGee's single and came home when Pendleton hit a bounc-er wide of first and beat Hirbek's and the ball went off McGee's

glove for an error. But Tudor picked off Hrbek moments later and the Twins were left scoreless after Steve Lombardozzi and Gladden each hit singles that would have brought in a run.

In the third and fourth, they had runners at second base against Tudor but could not bring them home. Then came the fifth.

Tudor, who threw 50 pitches through three innings, was clearly wobbly by this time, having worked almost continually from a stretch position. In the fifth, he faced four batters without getting an out.
It was quick: a single by Puck

a double by Gary Gaetti for a run, a homer by Baylor on the next pitch to tie the score, a single by Tom Brunansky on the next pitch, which was Tudor's last.

Whitey Herzog, the Cardinals' manager, finally came out and re-moved Tudor, who had surren-dered 11 hits. Rick Horton, another left-hander, was summoned and retired Hrbek on a fly ball to center and Tim Landner on a bouncer back to the mound. But Brunansky went to second on that out and came sliding home with a 6-5 lead when Lombardozzi singled to center for his third hit of the day.

#### The Home Advantage: A Curse Comes to Baseball

By Thomas Boswell

Washington Past Service
MINNEAPOLIS — Throughout the evolution of major American professional team sports, only baseball has escaped the curse of the distorting, infuriating home field advantage.

Uotil now. In the National Baskethall Association and the National Hockey League, contending teams play an entire regular season for one reason: to get the home field advantage in the playoffs. Last season, for example, the Boston Celtics won 41 consecurive NBA games at home. No statistician or pyschologist

would deny the large and measurable advantage in these sports of having huge, often profane crowds on the shoulders of visiting teams. Baseball Analyst: "Home teams

and 64 percent in the NBA." Of all not enough to define the sport teams, the Minnesota Twins had Baseball has been so immune to teams, the Minnesota Twins had the biggest home field edge over the home field factors that, for generaperiod from 1982 through 1986, tions, nobody has questioned the playing 15.8 percent better at home than on the road. This season, it's edge to the American League in

of the century, baseball teams have pened. It's called the Thunderdome. searched for every possible home field edge — and failed to make it into anything terribly significant. Watered base paths, sloped foul lines, asymmetrical outfield fences, to turf. It's a statistical fact. towering outfield walls and vocal nome crowds have simply spiced

the sport, not twisted it. won 54 percent of all major league road. This mirrors baseball's annu-baseball games over the past five al regular season home edge; 55 learn how to catch invisible fly years, compared to 58 percent in percent or less. In other words, just balls.

LONDON - Members of Britain's horse-

racing fraternity have responded angrily and

the press unsympathetically to the three-year

prison term given world famous jockey Lester Piggott for income tax evasion.

The sentencing of the 51-year-old Piggott, who before retiring in 1985 rode more than

5,000 winners and was named Britain's cham-

pion 11 times, who collected a record 29

English Classic triumphs, including nine in

the prestigious Derby at Epsom, was front-

page oews Saturday throughout England.

Piggott, meanwhile, spent his first night in the 100-year-old Norwich Prison.

The Daily Mail called it "The Downfall of a Legend." The Daily Express said Piggott was

"Disgraced." Today called him "The Loser."

Judge Sir Donald Farquharson had told Pig-gott: "If I was to pass over this behavior it

would be an incentive to others to cheat the

tax authorities." The judge added that "up

and down the country those who have only a

tiny proportion of what you enjoyed pay up

loyally and meet their obligations."

At the Crown Court at Ipswich on Friday,

the NFL 60 percent [of games about the margin you'd hope for, played in a decision] in the NHL enough to enliven discussion but tant, the Thunderdome is the first

been an amazing 35 percent better. odd-numbered years, the National
The home field pox may be contaminating baseball. Since the turn
Now, something new has hap-

Second, the Twins have accidentally introduced a completely mrfair and capricious element: the Home teams have won only 53 only ball-colored Tellon ceiling in Field Advantage Classic. If the n the shoulders of visiting teams. percent of all World Series games. existence. Every ballplayer learns. According to the 1987 Elias. In fact, 55 percent of all World about wind-blown pop ups and baseball Analyst: "Home teams Series have been clinched on the cold hands. Only a Twin spends

baseball park that has duplicated smaller indoor arena noise levels, as high as 118 decibels in this Series. Baseball should recognize immediately that, in the future, the home

field edge in the playoffs and Series should be given to the team with the better regular season record, just as currently exists in every other pro team sport.

It's anachronistic to see the Twins, with the ninth-best regular

season record in baseball -- 85 victories - getting an extra home date against both the Detroit Tigers, the first in victories, and the St. Louis Cardinals, who were third. The '87 Series will be the Home

Twins do come back to win, that legacy will be a dead certainty since that outcome would make this the first Series in history - since 1903 - in which every game was won by

Peers of 'Disgraced' Piggott Condemn Sentence lent of \$41,000 and ordered him to pay anoth-

ing the saddle in 1985, was sentenced on 10 fraud charges relating to some \$5.1 million of income he kept secret from tax authorities. But another former star jockey. Bob Champion, condemned the sentence and said, "That judge should be frightened to walk down the street after what he has done. People who rape little girls often get away of his bank accounts abroad.

Britain's current champion jockey, Pat Ed-dery, said he was "shocked and very sad." A

Piggott, who has been a trainer since leav-

leading trainer, David Thom, criticized the prison term as "a terrible injustice." "Lester has brought more money into the taxman's coffers" through taxes related to racing and gambling "than any other 100 people could have done," Thom said.

"Lester is a gentleman with so much good in him that I cannot think that imprisonment is going to achieve anything," trainer Henry

While acknowledging Piggott's achieve-ments in the saddle, Judge Farquharson said they did not preclude a prison term. He also fined Piggott, who pleaded guilty, the equivaer \$56,100 in legal costs.

The judge said Piggott might have been

spared a jail sentence had he declared every-thing during a tax investigation in 1983. Prosecutor Anthony Hidden said Piggott paid off the amounts owed then, but hid other income from investigators, and did not reveal details

It reportedly was the biggest individual income tax evasion case ever brought in Britain, and the sentence the most severe ever given for personal tax fraud. Piggott, known as "Pokerface" because of

his lack of emotion while riding, lived up to that name as he was led away in handcuffs. His wife, Susan, collapsed in tears. The Jockey Club stewards, who have grant-

ed Susan Piggott a temporary license to keep his stables in business until January, said Saturday they will meet next week to consider a charge of bringing the sport into disrepute. Piggott is under a separate investigation by the Jockey Club following allegations that a

series of tape recordings show that he placed

bets against horses he was tiding. (AP, AFP)

The Metrodome erupted. Not long before, the fans had been stunned by the Twins' deficit. Now they could cheer again.

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TO I

#### **SCOREBOARD**

#### European Soccer

English First Division Arsenal 2 Derby I Coventry 1, Newcostin Everton 2, Wattord 0 Luton 0, Liverpool 1 -Luten G, Liverpool 1 Nottingham Forest 3. Toffenhom 0 'Oxford 2. Charlian I Guen's Park Rangers 2. Parismouth 1 Sheffield Wednesday 1. Norwich 0 Southameten 3. Chelsea 0 'West Ham 1. Manchester United 1

Points: Liverpool, Queen's Pork 28; Arse-Polate: Liverbook diversity for the Avan-noil, Notificipium Foresi 26; Monchester United 24; Everton, Chelses 22; Toftenhom 25; -Oxford 17; Bouthamston, Coventry 16; Newcostle, Darby County, Portsmouth 13; Wimbledon, Lufon, West Ham 12; Norwich 10; Sheffled Wednesdov 9; Worford 8; Charl-10; Sheffled Wednesdov 9; Worford 8; Charl-

Monaco 2, Nontes 1 Niort 1, Marsellie 0 Taulon 3, Brest 0 Lille G. Laval O Ports-Saint Germoin 6, Metz 2 Sordeoux 1, St. Ettenne 0 Cornes J. Rockep Club 1 Taulouse 8, Autorre 0

Points: Monaco 24; Bardeaux 21; Nantes 19; Metz, Niort, Connes, Rocing Club 18; Montpellier, Marsellie, St. Etlenne 17; Aus-Manipellier, Marsonia, 3: errs, 16; Taulon, Lille, Toulouse 15; Nice 14; Paris-SG 13; Level, Lens 12; Le Havre 11;

1TALIAN FIRST DIVISION
Napoll I, Romo 1
Sampdarla B. Pescara 0
Internazionale 2, Juventus 1
AC Mison I, Verona 0
Tacion 2, Florention 1
Piso 1, Empall 0
Carre 3, Ascall 1
Aveillina 1, Cessaa 1

Polats: Nopoli 11; Roma, AC Milan. Inter-azionale. Sampdorla 5; Florantina, Pasas-a 7; Juventus. Torina. Verano 6; Ascali Spina 4: Casano; Avellina, Pisa 3; Empali

#### Transition

BASE BALL DETROIT—Sent Dictue Notes, pitcher, to Chicago Cubs as the player to be named later in trade that brought Notes to Detroit.
Alinnesota—Claimed Dwight Lowry. HOCKEY

AINNESOTA—Claimed Dwight Lowry, calcher, on waivers from Detroil, neutral League LOS ANGELES—Bought the contract of Gilberto Reyes from Albuquerque, Pacific Cost League, Sent Reagle Wildms, outfielder; Ron Davis, pitcher, and Craig Shippiey, shortstop, outright ha Albuquerque, Activated Mariano Duncan and Len Matuszak, infisions, from the emergency disabled list.

PITTSBURGH—Malcolm M. Prine resigned as president.

FOOTBALL

Nertimed Football Largue

BUFFALO—Activated Kerry Porter, running bock, and Wayne Davis. Cornerback, from the injured list. Removed Greg Bell, running back, and Durwood Rosysmare, safety, from the octive rotter.

SAN FRANCISCO—Put Carlion Williamson sofely, on inhured reserve.

Conodian Football Leasus

BRITISH COLUMBIA—Activated Tim BRITISH COLUMBIA—Activated Tim Burnham, tackle; Dan Hurley, puzzi; Fradels Sims, running back, and Breft Williams, detensive back. Put Bennie Jones, dafensive tackle, and Anthony Perker and Jamile Torox, runnion backs, on reserve list. Released Alvis Salele, linebacker; Marcus Thomas, detensive back, and Gree Vavra, auarterback. CALGA RY—Activated Mike Palumba, nackle, from the practice raster. Put Tom Spoletini, auard, on the reserve list.

EDMONTON—Activated Bidge Marshall, running back. Put Frank Baltiveck, litebacker, on reserve list. Put Greg McCormack detensive back, an intrad list for rest of season. HAMILTON—Activated Sign Marshall, running backs; Johnny Lewis, defensive tackle: Wayne Lee, statitack, and Mike Robinson, running backs; Johnny Lewis, defensive tackle: Wayne Lee, statitack, and Mike Robinson, linebacker. Activated Tom Parras, suerterback, Put Mike Kertiaan, quarterback, and Jeff Teitlin, defensive back, on reserve list. Put Eart Winffeld, wide rootiver, on infured list for rest of season. Released Ventus Mike Parke can.

on reserve list. Put Earl Winfield, wide receiver, on influred list for rest of secont. Released Kenny Kies, running back: Alike Deris, canter: Llove Festions, offersive tackie, and Dan Huciack, running back.
OTTAWA—Activated Shown Faulkner, running back play Trapp, linebacker; Joe Papaso, auorierback, and Greg Marsholl, detensive back. Put Roderick Brown, defensive back, and Tadd Dillion, quarterback, on resease Park

SASKATCHEWAN—Put Rob Brescient, statbock, on practice rester. Released Chad Stork, numbes back. WINNIPEG—Activated Lester Brown, run-

Lester Piggott, riding to vic-

tory at Royal Ascot in 1985.

HOCKEY
Nothing Hockey Largue
BUFFALO—Seni Richle Dunn, detenseman, and Jeff Porker, right wing, to Rochester, American Hockey Leabus,
DETROIT—Sent Steve Martinson, left
Latter Latterns, center, in Adironwing, and Met Bridgman, center, to Adiron-dack, American Hockey League, Recalled Mark Kumpel, right wing, and Jeff Sharples.

#### Gymnastics **World Championships**

(Al Refferdam)

(Af Referracin MEH)
1NDIVIDUAL
1, Draitri Bilozerchev, Soviet Union, 118,373, saints, 2, Yuri Karalev, Soviet Union, 118,393, 2, Vladimir Arlemav, Soviet Union, 118,393, 2, Vladimir Arlemav, Soviet Union, 118,255, 4, Svivilo Kroil, East Germany, 117,460, 5, Zsain Borkal, Humpdry, 117,250, 7, Lau Yun, China, 117,175, 8, Swan Tippell, East Germany, 116,593, 9, Kalader Hristazov, Bulgaria, 116,775, 16, Kol-chi Mizakhima, Lamon, 116,775

INDIVIDUAL 1, Aurelia Dobra, Romania, 79,530. 2, Elena Stoushaumovs, Soviet Union, 79,467, 1, Daniela Silivas, Romania, 79,00. 4, Svetiana Baltava, Soviet Union, 71,02, 5, Oksana Omeliantchik, Soviet Union. 77,704. 5, Ossano Omellamichie, Soviet Union. 77,704. 4. Doerfe Thuermiter, East Germann. 78,287. 7, Martina Jantz. East Germann. 78,287. 8. Ulrifice Klotz, East Germann. 78,289. 9. Dione Dudevo. Bulgaria. 78,075. 10, Bortona Statanova, Bulgaria. 78,075.

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WALES CONFERENCE 5 COMPERENCE http://dx.Division 5 2 0 10 30 16 5 3 0 10 29 25 5 3 0 10 41 25 4 3 2 10 41 25 4 3 2 10 41 27 3 4 1 7 31 31 2 5 2 6 36 38 square Division Adams Division

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5 2 0 10 31 24

3 4 2 5 33 27

3 3 1 7 27 28

3 5 0 6 22 34

CAMPBELL CONFERENCE

1 4 0 2 15 27 Coleman II Smith as Significant Signific R.T. Islanders 1 1 1—3 New Jersey 2 1 3—5 Driver (3), Loiselle 2 (4), Cirelle (1), Ver-beek (4); Kerr (3), Wood (3), Suffer (4), She's on poot N.Y, Islanders (on Chevrier) 7-715— 24, New Jersey Ion Smith! 9-10-4—25.

### NHL Standings

W L T PIS GF GA WONE
5 4 8 10 39 28
4 3 8 8 21 24
3 4 1 7 27 31 STLOUIS
3 4 0 4 31 35
1 4 8 2 15 21 Cofement

Meatred 1 2 6-3 Buttalo 1 2 3-5 Ruuffu (4), Shepoord 2 (3), Housley 2 (6); Corson 7 (3), Chellos (4), Shebs ea geel; Men-treal Ion Cloutier I 7-5 5-17, Buffalo (on Ray) 11-20-14-45, Panel 15-11-5-31.

Pittsburgh & 6 5 2—2

Detroit 3 1 1—5

Yzarmon (5), Burr (1), Kilmo (5), Detroime (1), Golfoni (3); Connevworth (3), Lernisux (41, Sactson good: Pittsburgh (on Honion) 4-6-5-17, Detroit (on Riesin, Meloche, Riyyin) 5-4-5-17.

Hockey

Los Angeles 1 1 1—3
Whates 2 1 1—4
Shen (1), Howerchuk (2), Boschmon 2 (2):
Sykes (1), Carson (4), Duchesne (1), Shets on spott: Los Angeles (on Reddick) 7-7-13—27.
Winnibers (on Mekanson) 20-15-12—47.
Edmonton 3 1 1—6
Yoncoever (1), Kurri 2 (4), Huntler (11, Huddy (1), Tont) 121, Summanen (2), Adoms (6), Buffels (1), Shets on spott: Edmonton (a), Bertise (1), Follow (3), Shetsen (4), Buffels (1), Shets on spott: Edmonton (a), Momits (4), Buffels (1), Shets on spott: Edmonton (5), Buffels (5), Buffels (1), Shets on spott: Edmonton (6), Buffels (1), Follow (3), Shets on spott: Edmonton (6), Buffels (1), Follow (3), Shets on the control of th

#### Baseball

World Series GAME 6 SUMMARY
MINNESOTA
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49 11 15 11 34 \$115 Totols IP H RER BS 50 57Louis

Geme-Wiesing RBI: Lombardezzi (II. E. McGes, Lindsenson DP: Minnessina L. LOB: 81, Louis 8. Minnessing 9.38: Driessen, Lomborsdazzi, Goethi, 38: Gedden, Mr. Henr (II. Baylor III. Mrbek (I). 38: Pucketi (I). Pendieton 2 (2). SF: Covando.
Umpires—Home, Terry Tota (NL); First, Dave Phillios (AL): Second, Lee Weyer RN); Third, Gree Kosc (AL): Left, John McSherry INLJ: Right, Ken Keiser (AL).

# SATURDAY'S RESULTS 5 1 5-1 1 1 5-2 State on

Chicago 1 1 1 3-9
Heartford 5 2 3-5
Govin (2), Lawless (1), Francis (1), Dinean
(5), Tippeth (3); Soniposs (1), Larmer (4),
Fraser (4), Shetsen post; Chicago (cn Lint) 5-4-8-18. Martiard (on Mason) 10-13-17-40.

Govin (2), Lavrees III, Lorrier (4), Froser (4), Shots as post; Chicago (on Lint) 5
IP—18. Harrierd (on Masson) 10-13-17—40.

Celegrary

Quebec

Tonalil (2), Mudlen (4), Maclants (5), Meuvendyk (4), Motimis (5), Meuvendyk (4), Motimis (1), Givnn (4), Mill (1); Duchesne (1), P. Shotshy (8), Goulet (8), Series et soil: Cologory (on Goselin) 8-14—27. Quebec (on Vernon) 12-16-13—35.

N.Y. Remears

1 1 3—5

Motioney (1), Laroucha (3), Sandstron (6), Peddubny (8), Educon (1), Propip (1), Propip (1), Propip (1), Propin (1), Propin (1), Propip (1), Propin (1), Propip (1

Vancouver 2 1 2–5
Edmenton 4 3 3–9
Messier (7), Gretzky 7 (7), Locambe 131,
Tikkomen (11, Krushetnyski (2), MocTovish
(11, Kurri (5), Tikkomen (2); Richter (1), Adums (7), Pederson 14, Smyl (1), Toolt (3),
Shots on equal: Vencouver (on Fettr. Regush)
8-5-15–28. Edmonton (on Bradeur) 7-154–28.

B-5-15-48. Edmonton (on Bredeur) 7-15-4-38.

Micresofte 3 2 2-7

Terorite 2 3 8-4

Broten [3], Grahom [1], Bellows [7], Wilson [1], Bellows [7], Wilson [1], Bellows [7], Wilson [1], I. Bivertot (3), Ciccorelli (3), Architott [1], Courhodi (3), Strebs on pod: Affanssot [7], Forestio [7], Sometic [7], Forestio [7], Sometic [7], Forestio [7], Sometic [7], Sometic [7], Sometic [7], Forestio [7], Beston 8 5 8-8

J. St. Leuis 3 1 8-1

Botthwell (1), Hunter (1), Federito (1), Suffer [7], Stress on pod: Attention [7], Softer [7], Softer

Selected College Results

Bucknell #2, Columbia 20
Cornell 21. Dertmouth 14
Doylon #4, Frostbury \$1, 9
Delowore 28, Lehigh 24
Forthers 14, Steny Brook 6
Horvard 24, Princeton 19
Holly Cross #1, Brown 0
Mothe 22, Connecticut 25
Massochuseits 18, Basten U. 7
New Harnestine 21, Lofayethe 19
Northeestern #1, Villianova 26,
Pithabursh 18, Navy 6
Retigers 27, Army 14
Syndouse 32, Colegte 4

CFL Standings

x-Brit Clmb x-Edmonton Colpary Solicatelenn

#### Football

Keni St. 24, Obio U. 10 Keni St. 24, Ohio U. 10
Meloni Fio. 48. Cinchnett 10
Mehranta Sé, Konsus St. 3
Northwestern 27, Wisconsin 24
Mehra Dome 26, Southern Col 15
Ohio St. 42, Minnesutz 9 Ohio St. 42, Minnesotz 9
Oklohomo St. 24, Misesteri 20
Toledo 27, Miseril, Ohio 25
SOUTTIWEST
Arkenses 21, Housten 17
Oklohomo 24, Colorado 6
Texas A&M 34, Rice 21

Texas Christian 24, Bayler \$ Texas Tech 42, Tulsa 7 Taxons Tech 42, Tutser 7
FAR WEST
Air Force 35, Texas-El Posc 7
Artzona St. 30, Orwson St. 21
Srieham Youne 16, Howell 14
Colorado St. 35, New Mexico 13
Iddito 31, E. Westkington 24
Son Diego 22, Claremont-Mudd 7
Son Diego 22, Claremont-Mudd 7
Son Diego St. 52, Lone Beach St. 42
Stanford 13, Orugon 18
UCLA 42, Collifornia 18
UCLA 42, Collifornia 18
UCLA 42, Collifornia 18
Ucht St. 41, Urba 34
Washington St. 45, Artzeno 25
Weber St. 29, Montona 24

Tennis

Women's Singles VOLVO CLASSIC

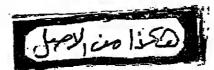
VOLTO LLASSIC (AB Brighthon, Employed) Semificials Pom Shriver (11, U.S., det, Kathy Jordon, U.S., 4-1,7-5) Gabriele Sabothi (2), Ameritan, def. Helena Sukova (3), Cachoslovakia, 4-1,6-2,

Men's Singles

Edbaro del. Lendi. 67 (47), 64, 64.
RIELLO INTERNATIONAL
(AY Warnes, Huy)

Anas Wilander, Sveden, del. John McEnros,
United States, 61, 64.

MatsWillander, Swede United States, 6-3, 6-4



ONE morning 10 years ago, the readers of The Guardian newspaper were greeted hy a mirror image of themselves: a weekly comic strip by a young artist named Posy Simmonds about life among the well-intentioned, well-educated and well-confused liberals of north London.

The strip appeared Mondays, usually below Polly Toynbee's highminded column and next to an ad for Cosijamas. "Polly's a very feisty writer, so brilliant at arguing." Posy Simmonds says, her soft voice nearly drowned out by the gulls shricking in the Cornish sky. "I'm hopeless at it, I'm far more interested in wha people think."

She may be doing a modern comic and mother of six, wears round spectacles

strip but she is well in the English tradi- and used to dress in Laura Ashley and

#### MARY BLUME

tion of the comedy of manners. Since there isn't much comedy these days, or manners, her strips are often considered sociological: the portrayer of middle comedy the Daymire of heavy of the portrayer of heavy of the policy of class angst, she is called, the Daumier of hasn't changed her hairstyle for ten years, woolly liberals. Her real name is Rose-She's got terrible split ends and she's

there - hut she soon narrowed it down was an ethno-botanist, now he's into perto two families and their friends, Stan-bope Wright, the slick and lecherous cre-was at UCLA." It is a world of house ative director of an ad agency, and his hushands, wholemeal flour, government second wife, Trish, and the Webers. The cuts, dental practitioners, visiting rights. Webers live in a well-worn section of carpet sales. Dad's girlfriend, and the north London while the Wrights live humiliation of sunbathing in front of glossily in Hampstead. glossily in Hampstead.

"They live in quite a big house," Posy Simmonds says. "They have lots of tables with two tablecloths on them and hig ceramic lamps with shades that match one of the tablecloths. They have hydrangeas in their huge fireplace in the sum-

The Webers (pronounced Vayher) shop at a store called Bivouac, which bears more than a passing resemblance to Habitat. The central characters of the strip, they are the personification of the woolly liberal conscience, George Weber, who wears hairy sweaters and a droopy mustache, is a senior lecturer in Liberal

Studies at a Polytechnic, One of his lec-tures is called "Language as Discourse." "He's a great francophile and of course really he would have liked to have been at Cambridge during the epoch when there were a lot of structuralists. Alas he wasn't, but he's created his own little bit of Cambridge at the Polytechnic.



The Weber family, Wendy and George (above) and their cre-

Dr. Scholis. "Now she wears a lot of those pixie

ator, Posy Simmonds.

mary hut no one calls her that except her doctor.

Her first strip, in May 1977, had a cast of characters to dwarf a Shakespeare chronicle play — even a royal corgi was these why she com parroyal is dwarf.

Big issues are not avoided although Posy Simmonds describes the strip as rather domestic. Her eye for detail is extraordinary and hers must be the only strip in which a duvet quilt is a character. 'I don't draw sheets and blankets, I'm

afraid," she says. She is excellent on men's hairstyles ("I particularly like the slightly louche ones") and is a mine of arcane information.
"I read a lot and one of the bits of

useless information I picked up is that the width of my Guardian drawing before it's printed is the same as the diameter of the shells that were used in Big Bertha,"

Her weaponry is, however, light. To a degree she is the British equivalent of Claire Bretecher, who started her strip. "Les Frustrès," in Le Nouvel Observateur shortly before Simmonds appeared. asn't, but he's created his own little bit Camhridge at the Polytechnic."
George's wife Wendy, mature student
George's wife Wendy, mature student
George's wife Wendy, mature student



"I got one letter. It said I'd got the equation wrong for making the damned Sandringham tartlet explode." Posy Simmonds and her husband, the

graphic designer Richard Hollis, live in central, not northern, London and in a seaside village in Cornwall that sometimes figures in her strip as Tresoddit. It is a picture-book village with a painter who wears a beret and has a credit card machine next to his easel and a river called the Camel and a local bard called the Voice of the Camel. "I don't think he utters much," she says.

She is at work on her second children's book and she works very hard, contrary to the received opinion that comic artists sit over their drawing boards and chuck-

"People ask when are you going to do something serious, or they say what else do you do?"

she is an immensely gifted eavesdropper. Just that morning in the village chemist's she had heard a woman with what might be termed a Harrods lift voice state, "We've had mussels and they've given us the most terrible indijaggers."

After boarding school, where she was good in Latin (which occasionally creeps into her scripts) and was a slow left-arm bowler on the cricket field, she went Paris to study French civilization. It was 1962. she was 16, and she tried to look like Juliette Greco. "I wore hlack and ironed my hair." She then attended London's Central School of Art and Design and exploited her unquenchable taste for rude humor by doing cartoons about a bear for a popular paper, The Sun. "It was a teddy bear that said rather risque things to the other toys in the nursery. There were dolls and rabbits. It got very

Her Guardian characters filled out over the years although she was plagued by a hazy memory, forgetting when she had killed off guinea pigs and making. Wendy pregnant again after George had had a vasectomy.

Children are one of her best subjects, bawling and inconvenient when growing, even more inconvenient when grown. She was among the first to note the contempt that the hardboiled youngsters of the '80s feel for their parents' 1960s flower-power ethos. The Webers' oldest daughter, Be-linda, rebels against her parents' brown rice goodness and wants only to marry a company director with a Saab.

The last Simmonds strip in the Guardian showed the wedding. "George in the end does wear a morning suit and gives her away much against his will, like a chattel. And Wendy wears a hat. It's pretty ghastly."

The wedding appears in the latest Simmonds book, "Pure Posy," published a few weeks ago by Jonathan Cape. By now the Webers are looking middle aged and faded; it is clear that Belinda's world in the caping forms. Posy Signmonds the coming focus. Posy Simmonds doesn't know if and when she will resume her strip, but if she does she thinks it will have to be about the new moneyed class, the greed and polarization she sees in Britain today.

"I haven't written it yet so I can't say how they'll be. They're not yuppies but it's definitely the people who are showing what they earned and not caring about showing it," she says. "The Webers really wanted everybody to be the same, they believe in helping and understanding people less fortunate than themselves. you do?"

people less fortunate than themselves

She doesn't look for copy, she says, but

The new lot don't give a fig."

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AUTOMOBILES

## **LANGUAGE**

# Off the Shelf and Alone

By William Safire North testified that Director of Central Intelligence William J. Ca-

ence between on behalf — "acting in another's place" — and in behalf — "acting for another's interest." If he had an outside operation in mind, it could not represent the United States or appear to be its agent in any way; on the contrary, the outside entity could act only in behalf of the United States, to its benefit or advantage, while provid-ing plausible deniability. The dis-tinction is eroding, but old-fashioned writers and aging spooks still

make it.

Adding to my suspicion of the words attributed to the deceased spymaster (and Casey was a spymaster, not a master spy) was the North use of the compound adjectives off-the-shelf and stand-alone. Self-sustaining was okay; Casey would use that sort of standard participial compound. But off-theshelf is computerese. "All three systems will be sold off the shelf in production-line models," wrote Business Week in 1975, describing market plans for a minicomputer.

The phrase is like the French fashion term pret-d-porter, "ready-to-wear"; it means from stock on hand," and may have been used first in a piece about defense technology in the Encyclopedia Americana's 1950 annual volume: "Two interesting trainers were developed by American manufacturers for consideration for 'off-the-shelf'

purchase for the Armed Services. The Merriam-Webster files also show the hyphenated adjective appearing in the November 1963 Technical Survey about rocketry: "Total cost of firing this off-the-shelf, 4-stage, solid-propellant For-ester is under \$500,000." In today's computer lingo, off-the-shelf is a modifier that contrasts an item with "custom-made" and means "available from stock" and "requiring no adaptation (of soft-ware)."

WASHINGTON — In last modifier derived from an independent clause (with the "you" under dent clause (with the "you" under stood in an imperative sentence. Sey told him he was "interested in the ability to go to an existing — as he pnt it — off-the-shelf, self-sustaining, stand-alone entity that could perform certain activities on behalf of the United States."

Watching, I shook my head: Bill Casey, a careful man, would never have said that. He knew the difference between on behalf — "acting in another's place" — and in behalf in a nother's place "— and in behalf in the computation of a noun and negative at stands alone. In the Computation in 1966 by C.J. Sippl. it is defined single, self-contained word processor, as opposed to a word-processing terminal that is connected to and dependent upon a remote memory and processing unit."

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"Stand-alone refers to a complete system." explains Oliver Smoot, acting president of the Computer and Business Equipment Manufacturers Association. "It's like a hi-fi system that has the radio, record player, cassette player and compact disk player all in one place. The opposite of stand-alone would be, say, a computer that lacks a moni-tor or has to book up to a network."

HE figurative sense has already been extended to politics. In Congress, omnibus bills are often glued support other elements of parochial interest. A retronym is standalone bill, used to mean "naked and vulnerable" in this sentence by The Associated Press's Matt Yancey: "Kennedy and Metzenbaum, however, opted to include the measure in the trade bill, contending there was no way they could muster 60 votes in the Senate to prevent a stand-alone hill from being filibustered to death."

The two words met in Chaucer's "Canterbury Tales" — "An emper-oures donghter stant allone" — arch were immortalized in the nursery rhyme "The Farmer in the Dell," with "The cheese stands alone."

My old independent-minded friend Casey might have had in mind a self-perpetuating, self-con-tained operation far from the prying eyes of congressional overseers and revenuers, but I cannot hear him talking about a stand-alone cloak with an off-the-shelf dagger. .. New York Times Service

HOTELS

TTALY

#### **ANNOUNCEMENTS**

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rather make them feel embarrassed — 'Oh God, am I like that?' " says Simmonds, who admires Bretecher. I sup-

pose I make people feel self-conscious

Guardian subscribers who tacked her

strip to their kitchen walls. Then, worn

out by the deadline, she retired her strip

last May and went on a week's holiday

only to find on her return that there was

so much mail that she couldo't open the

also a nice contrast to the reaction to her

first strip 10 years ago, which had to do with Wendy and Trish and a bomh in a

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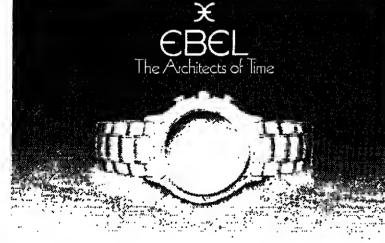
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